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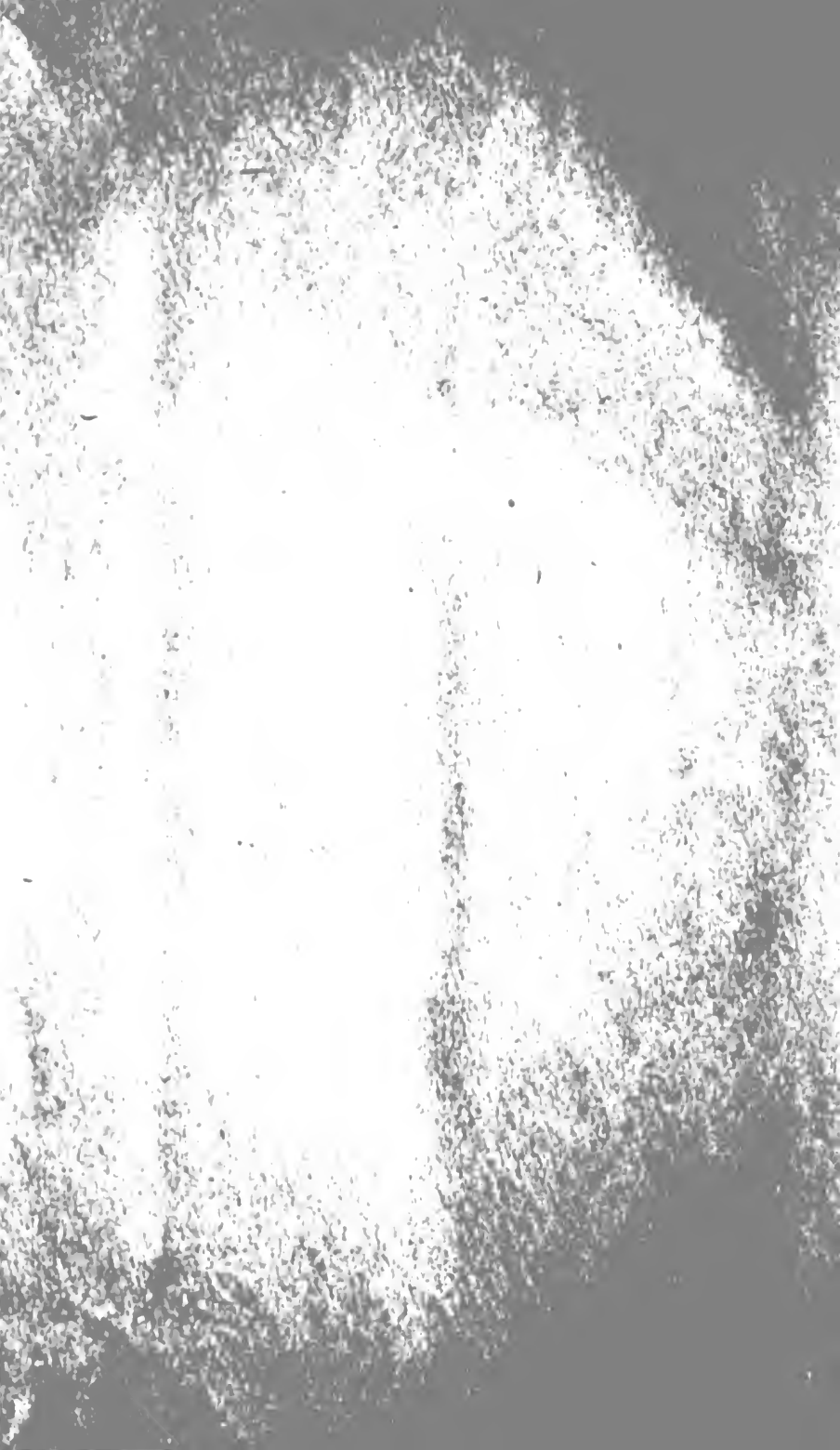

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REPORT

OF THE

SECRETARY OF THE TREASURY.

TREASURY DEPARTMENT, C. S. A.,
RICHMOND, January 10, 1863.

Hon. T. S. BOCOCK,

Speaker House of Representatives, C. S. A.:

SIR: I have the honor to submit the following report of the condition of this Department:

The statements for the last year were made up to the 18th February, 1862, the termination of the Provisional Government. From the commencement of the Permanent Government to the 31st December, 1862, the receipts and expenditures were as follows:

RECEIPTS.

Patent fund,	$13,920 00
Customs,	668,566 00
Miscellaneous,	2,291,812 00
Re-payment of Disbursing officers,	3,839,268 00
Interest on loans,	26,583 00
Call loan certificates,	59,742,796 00
One hundred million loan,	41,398,286 00
Treasury notes,	215,554,885 00
Interest bearing notes,	113,740,000 00
War tax,	16,664,513 00
Loan 28th February, 1861,	1,375,276 00
Coin received from Bank of Louisiana,	2,539,799 00
	$457,855,704 00

EXPENDITURES.

War Department,	$341,011,754 00
Navy Department,	20,559,283 00
Civil, miscellaneous, foreign intercourse and customs,	13,673,376 00

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PUBLIC DEBT.

Interest on public debt, (loans),		$5,892,989	
Payment of treasury notes, act 9th March, 1861—			
Principal,	$545,900		
Interest,	20,860		
		566,761	
Redemption of 6 per cent. certificates,		11,516,400	
Redemption of treasury notes called in for cancellation and re-imbursement of principal, under act of May 16, 1861,		23,751,172	41,727,322 00
			$416,971,735 00
Add balance against the Treasury on 18th February, 1862,			26,439,572 00
			$443,411,307 00
Amount of receipts,			$457,855,704 00
Deduct amount of expenditures,			443,411,307 00
Balance,			$14,444,397 00

This balance consists in part of the *coin* on hand, received from Bank of Louisiana, and the remainder in *interest-bearing treasury notes.*

The appropriations made by Congress and not yet drawn from the treasury are as follows:

Civil and miscellaneous,	$10,925,049 00
War Department,	57,865,879 00
Customs,	396,612 00
Navy Department,	12,692,373 00
Amount,	$81,879,913 00

The estimates for the support of the Government to first July, the end of the fiscal year, are as follows:

Legislative,	$231,600 00
Executive (salary of President, &c.,)	13,471 00
Treasury Department,	29,929,697 00
War "	242,977,067 00
Navy "	16,948,870 00
State "	150,253 00
Department of Justice,	172,632 00
Postoffice Department,	60,123 00
Miscellaneous,	10,000 00
	$290,493,713 00

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In order to ascertain the amount to be raised by Congress, we must add:

1. The estimates,	$290,493,713	
2. Undrawn appropriations,	81,879,913	
		$372,373,626 00
And deduct the balance in the treasury of,		14,444,397 00
Leaving amount to be raised,		$357,929,229 00

The debt of the Government at the same date was as follows:

BONDS AND STOCK.

Under act of February 28, 1861,		$14,987,000	
" " May 16, "		6,414,300	
" " August 19, "		67,585,100	
Deposite certificates under act of Dec. 24, 1861—			
Issued,	$69,005,370		
Redeemed,	12,516,400		
		56,488,970	
			$145,475,370 00

TREASURY NOTES.

3.65 notes,	$992,000	
2 years, notes,	10,919,025	
General currency,	272,022,467	
7.30 notes,	120,489,000	
$1 and $2 notes,	6,216,200	410,629,692 00
		$556,105,062 00

In the above statement is contained a large amount of bonds and interest-bearing notes, which are on hand in the various depositories not yet issued. It is important to bear this in mind in estimating the effect of the act of the last session upon funding treasury notes. The loans in which such notes are funded, are those mentioned in the schedule as loans of May 16th and August 19th. The amount of those loans as reported at the last meeting of Congress was on 1st August $41,577,250.

By the statement now reported, the total amount of these bonds is,	$73,999,400 00
From which should be deducted amount on hand not yet disposed of, say	8,000,000 00
	$65,999,400 00
And in order to ascertain the amount of treasury notes funded, there must be deducted for the bonds issued for produce, say	7,000,000 00
	$58,999,400 00
Deduct amount reported 1st August,	41,577,250 00
Balance,	$17,422,150 00

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This balance shows the amount of treasury notes funded in five months, the average being about 3 1-2 millions per month.

During the same period the interest-bearing treasury notes have increased from	$22,799,900 00
To	120,480,000 00
Increase,	$97,680,100 00
From which deduct notes on hand,	11,904,600 00
Real increase,	$85,775,500 00

This large increase of interest bearing notes affords satisfactory evidence that the issue of them was a judicious measure; and for any ordinary war, the bonds and interest notes amounting together to a monthly sale of twenty and a half millions would have sustained the Government without any resort to paper currency. But the estimates call for more than twice the amounts furnished by these resources; and we are compelled to resort to the Treasury Notes to supply the deficiency. It becomes, then, a most important enquiry whether the issue of such notes can be continued, and, if it can, then to what extent?

In a former report it was shown that the circulation of the Confederate States before the war might be estimated at one hundred millions of dollars. In the existing state of things, it is probable that a larger amount of currency is required. In time of peace, money passes rapidly from hand to hand, and the same money, in a single day, will discharge many obligations. A large portion, too, of the operations of business are performed by bills of exchange and bank checks. In the present stagnation of commerce and intercourse, larger amounts of ready money are kept on hand by each individual, and the Confederate treasury notes and call certificates are used as a substitutes for bills and drafts to a considerable extent. If this view be just, we may venture to add as much as fifty per cent. to the usual amount of currency, and this would raise the sum total at which it might stand, to one hundred and fifty millions. The difference between this sum and the actual circulation will show the redundancy. The actual circulation embraces not only treasury notes but bank notes and State emissions of treasury notes. In ordinary times coin would also form a part; but, at present, not only the coin but a large portion of the bank notes have been withdrawn from circulation.

The issue of treasury notes on the last day of December amounted to $290,149,692, exclusive of interest bearing notes. By adding to this sum a sufficient amount to cover the State treasury notes and the bank notes in circulation, we can arrive at the sum total of the currency. Twenty millions added to the treasury notes would probably represent the whole.

It is this aggregate which must be kept in view when we deal with the currency as a measure of values. It is the whole mass as it is accepted by the community in exchange for its various commodities, which, by its proportional relation to those commodities, determines

their prices. By a law as invariable as any law of physical nature, these prices rise or fall with the actual volume of the whole currency. Neither skill nor power can vary the result. It is, in fact, a relation subsisting between two numbers, the one representing the total values of property, and the other the total circulating medium. The nature of that medium cannot change it. It would exist with a currency of gold with as much certainty as with one of paper, if the gold were kept within the country by restraints equal to those which retain the paper.

Assuming, then, that entire confidence exists in our currency, the mere fact that its actual volume has been increased threefold would lead us to expect a corresponding increase in prices. Such increase, although eventually certain, does not usually appear at the same moment with the expansion. Like the moon's attraction upon the ocean, the time of high water is postponed for a certain period beyond the moment at which the influence has been exerted, and the length of the interval is affected by exceptional causes. But although there may be delay, the event is certain. Prices will reach the height adjusted by the scale of issues, and they can only be restored to their usual condition by a return to the normal standard of currency. In other words, the only remedy for an inflated currency is a reduction of the circulating medium. Is this reduction practicable?

Before answering this question it is important that we should be fully assured of the excessive issue of paper currency. If the country were open to foreign intercourse, the difference in value between coin and paper money would at once afford a test. But in the present condition of trade, coin cannot be imported, and gold and silver have become articles of commerce like iron and lead. They cannot, therefore, take their usual place as absolute measures of value.

Difficulties, somewhat of the same kind, attend other tests, such as bills of exchange, real estate or commodities in general use, and of which there is no scarcity. Ordinarily, the average price of wheat, grain and other like articles of prime necessity would furnish a guide. But the want of transportation causes a fluctuation of demand and supply from day to day and thus deranges prices. Making all due allowances for fluctuation we find that the present prices of such articles range at nearly three times the usual peace prices. Notwithstanding the interruption of commerce, we find also, that the foreign exchanges, and even coin stand at nearly the same rate. Reasons of a different character, but of equal force, apply to real estate and prevent its price from being a proper guide. The general increase, however, in its nominal value confirms the conclusions deduced from the other tests. These facts unite in establishing beyond doubt, both the actual redundancy of the currency and its probable rate of excess.

The remedy which is required, in order to be effective, must, therefore, withdraw two-thirds of the entire volume of the currency.

The measures already adopted by Congress were intended to act in this direction. The treasury notes were all made fundable originally in eight per cent. securities, and it was supposed that the holders of notes would prefer investing them in bonds, rather than hold them

when depreciated. To stimulate investments the holders have been notified by the act of last session, that, after the 22d April, they can no longer invest in eight per cent. securities. These measures, although judicious and well-timed, are overpowered by the necessity which compels the Government to increase its issues. Notwithstanding the large and daily investments in bonds, the currency continues rapidly to grow in quantity. This increase causes a daily advance in prices, and the necessities of the Government compel it to purchase at these prices. The payment of enhanced prices again compels a further increase in the issues, and an ascending series of action and re-action is thus established between prices and issues, which, if not arrested, must result in consequences disastrous to the best interests of the country.

These effects are hastened by the injurious operation of the excess of currency upon the bonds of the Government. These bonds are offered as absorbents for the treasury notes, and the high rate of interest which they bear is the inducement to take them. In our present circumstances this interest must be paid in treasury notes. By depreciating these notes the interest suffers equal depreciation; and an eight per cent. bond becomes, in effect, a four or three per cent., according to the scale of issues of treasury notes. The inducements to take the bonds is thus destroyed, and the bonds themselves cease to afford relief to the currency. They offer still less inducement to any foreign purchaser, because he is informed by the rate of exchange, that his interest will be paid in a currency which must be exchanged for his own at the rate of three dollars for one. It is plain, therefore, that the change required is a prompt reduction of the currency to its normal condition. The question recurs, is this practicable?

At the last session of Congress an effort was made to attain this result by the proposal for a loan of one-fifth of all gross income, to be paid in treasury notes in exchange for bonds. The adoption of this measure would have retired a large amount of treasury notes at an early period, and would thus have checked the advance of prices. It is the misfortune of every such failure that it leaves the evils increasing at a double ratio; and subsequent remedies must be so much the more stringent. All the causes of excess continue in full operation. Prices increase, the Government is compelled to purchase, and the purchases must be paid by new issues. Each new operation aggravates the disease, and hesitation or delay is ruinous.

The conditions then which any sufficient remedy must fulfil, are first, prompt, and secondly, effective reduction. To be effective, the currency must be reduced at least to the one hundred and fifty millions already shown to be its extreme limit; and this reduction must be so prompt as to take effect before prices can undergo further increase.

To meet these conditions, I would respectfully propose that after the lapse of a reasonable time, the issues of treasury notes bearing date prior to the 1st December, 1862, shall cease to be currency. This can be done with the least possible injury by following up the action of Congress at the last session, and fixing a period of limitation for funding these notes.

As the law now stands, these notes are receivable for government dues; and the holder is entitled to fund them in eight per cent. securities, until the 22d April next, after which date he can fund in seven per cent. I propose simply to fix a period of limitation for the exercise of this last mentioned privilege; by enacting, that after 1st July next, the privilege of funding these notes, shall cease. Six months have already been allowed for investment in eight per cent. securities, according to the contract on the face of the note. Two months more will be allowed for investment in seven per cent. and if, after so long a notice, the holders do not choose to avail themselves of their privilege, the good faith of the Government will stand clear of imputation.

But it is essential to good faith that ample means should be provided by the Government, to secure and pay the principal and interest of the securities in which the holders are required to invest. This can only be effected by an ample and permanent tax. Such a tax is the corner stone of the whole fabric. Without it, the scheme has no foundation, and can secure neither public confidence nor success. The proper extent of this tax will, hereafter, be considered. It is sufficient for the present to affirm that it must, at least, pay the interest on the entire public debt.

To give completeness to the plan, it would seem proper to provide measures for any future redundancy. We are happily relieved from this necessity by the patriotic proposal of several of the States to guaranty the whole, or a large portion of the war debt of this Government. If all the States can be induced, promptly to adopt this measure, means will thereby be furnished to absorb any excess of the new issues over the proper amount of currency. The guaranty of the States will enable this Government to reduce the interest of its bonds to six per cent., and if the States can be prevailed upon to extend the guaranty so as to cover the whole war debt, or at least four or five hundred millions thereof, the saving in interest will be so great as to enable the Government, in due time, to extinguish the whole principal of its debt. Upon a debt of 500 millions, this saving will be just ten millions. The ability to apply this amount to the principal instead of the interest, affords such obvious advantages, as to ensure the favorble consideration both of Congress and of the States.

An analysis of the scheme proposed, will reduce it to three essential features:

1. A limitation upon the privilege of funding the notes issued, prior to 1st December.

2. A war tax.

3. A guaranty by the States.

I. In considering the first of these features, the first enquiry which suggests itself is, what will be the effect of this limitation? Will it arrest the circulation of the notes and lessen the volume of currency?

Its first effect will ceartainly be to add another stimulant to investment in bonds. It was unfortunate that the act of the last session postponed the change of interest for six months. The delay has deprived the remedy of much of its efficacy, and good faith requires

that at least sixty days should be allowed for its operation. Otherwise, I would have proposed to limit the funding privilege to 1st May, instead of 1st July. The effect of the stimulant is thus retarded. Still the fact that there is a period of limitation, will induce holders to come in before it expires. Those who desire to secure eight per cent securities, will come in before the 22d April, or hold up until near that day, the notes which secure that right, and all who can, will come in before the 1st July, to save the final exclusion. It is probable, therefore, that throughout the entire period an amount will be withdrawn, sufficient to check any rapid advance in the total amount of circulation.

But when the final date of limitation approaches, the notes will not pass readily from hand to hand; and the result will be that they are thrown out of ordinary circulation and relieve the currency to that extent. The comparatively small amount then left in the hands of individuals, will cease to have a purchasing power. They will pass only by special contract, and their chief value will consist in their being receivable for government dues. If at this point the Government will collect a tax sufficient to absorb the whole remnant, the relief afforded to the community and the currency will be made complete.

Hitherto the policy of the Government has sought to absorb the circulation by inducements alone. Bonds at a high rate of interest have been offered; but the inducement has been abated by the depreciation of the currency in which the interest is paid. It is proposed now to supply the deficiency by a small portion of constraint. We see on every side of us indications of the abundance of money. Large sums are everywhere held on deposite; but the holders propose for themselves more profitable investments than public securities. The ability to keep unemployed these sums, and to hold them for an indefinite time, proves that no serious damage will be suffered by requiring their conversion into bonds. The large amount of money, which is shown by the war tax returns, to be invested at interest in private hands, confirms the belief that there is no want of capital among our people. It does not seem to be a rash conclusion, therefore, that at least three-fourths of the currency out-standing on 1st December, may be funded without substantial damage to private interests. If the remaining fourth could be absorbed by a tax, the solution of the problem would then be complete. The people are fully prepared for the payment of a high tax. It may not be practicable to place it at so high a rate as to absorb one-fourth of the entire currency to be called in, but it may approach so nearly as to leave unabsorbed only that portion which will remain out-standing, in spite of all efforts to call it in.

I will not venture to assert that grave objections may not be made to this scheme. Such objections will be found in the way of every plan. They are necessary results of the proportions of the war which is waged against us, and of the enormous sums of money required to carry it on. But it appears to me that upon due examination, these objections, if not entirely obviated, will be found to be counterbalanced by equivalent advantages.

The first and most obvious objection to the scheme, is that it is an infringement of the contract. The notes have been accepted upon the promise of the Government that they may be invested in interest-bearing public securities, and that promise is not fulfilled after the 1st July next.

It might be answered that Congress has already settled this principle by the act of last session, which reduced the interest from eight to seven per cent. A still better answer will be found in the reasons which led to that act, and which make necessary the one now proposed. A limitation of time for the performance of contracts, has never been considered an infringement where sufficient opportunity is given to claim performance. Justice is satisfied by giving to the party full opportunity to receive the benefit of his contract. Upon this principle rests every change in statutes of limitation. Examples of the same principle are afforded in private matters, by the laws of partnership and for the administration of assetts. In public matters, the history of every nation affords like precedents, which will probably find support in the laws of every State in our Confederacy.

The modification of the contract is substantially for the benefit of both parties. The object in view is to increase the value of the whole remaining currency. This object it effects by increasing the purchasing power of each note, in proportion to the reduction of the whole. Assuming this reduction to be two-thirds, it follows that every holder of only one-third, in proportion of the new issues will have the same value in money left, after he shall have invested the other two-thirds in bonds. In other words, he will make a clear gain of those two-thirds. If he shall have in his possession none of the new issues, he will, nevertheless, gain in the reduced price of every article of consumption.

2. Next it will objected, that after the lapse of the period of limitation, the value of the note as money is taken away. It is true that the note will lose its function as money; but its intrinsic value is unimpaired. It is still receivable for public dues, and it still has the faith and property of the Confederate States pledged for its payment. It will even have a modified circulation. A great public exigency has arisen which compels a change, and all that the Government can do is to make the change with as little injury to private rights as possible. This it endeavors to do by avoiding any direct interference with the contract, and by giving to the holder ample opportunity to reap all its advantages. The time for the enjoyment of these advantages was no part of the contract, and every holder was bound to know that such an incident has always been considered within the control of the law-making power.

3. It will be urged that the calling in the circulation as proposed will cause too large and sudden a contraction. An examination of the probable state of the currency at the date of limitation will show this objection to be unsound. The new circulation to be issued after the first December, will on first July probably be upwards of two hundred millions. It will be issued gradually, and will fill up the channels left by the funding of the old issues, and so far from producing con-

traction, the new issues will probably be in excess at too early a date. The danger at all times to this kind of currency is in that direction.

4. A fourth objection will be found in the probable effect on the price of bonds. The large amount of currency turned into bonds will cause the supply to outrun the demand, and the usual consequences of such a condition of the market will follow. It cannot be denied that the price of bonds will probably fall. But this fall will in truth be merely nominal, and will find a full compensation in the increased value of the currency for which they are sold, and in which the interest will be paid. Those classes of the community which sell bonds from necessity or for the means of living, will probably gain more in the reduced market prices of the articles which they purchase than they will lose in the reduced market value of the bonds which they sell. Those who hold the bonds on speculation, would gain or lose according to their ability to hold them; while all those who have taken them as investment will escape injury by simply holding them according to their original purpose. The contraction of the currency will increase the value of the interest paid them during the war; and at the end of it they will have a security which will command a price which will amply repay their confidence.

The most conclusive answer, however, to this objection is to be found in the fact that whatever may be the amount of depreciation on the bonds, it cannot exceed the depreciation in the value of the currency. If the Government must issue an obligation in the shape of currency to pay twenty-one dollars for a barrel of flour, which in a normal condition of the currency could be purchased with seven, it is actually selling its paper at one third of its face. At the same time, by excessive issues, it is disturbing all other values, and all the commercial relations of society. The depreciation in the bonds could never reach this high rate; neither would it affect the prices of commodities or commercial relations. If then we are reduced to a choice between evils, the reduced value in the bonds is manifestly the less.

II. We come now to the consideration of the next great feature in the scheme, namely: the war tax. What shall be the subjects of that tax, and what amount should it raise?

The subjects upon which a tax may be levied are many, and the expediency of each involves questions which it is not proposed at present to discuss. It seems to me that a tax upon property and income is so much to be preferred to stamp duties, excises, licenses, and other like taxes which call for a machinery vexatious in its character and expensive in its operation, that there will be little hesitation on the part of Congress in its acceptance. The direct tax heretofore levied has set in operation all the machinery necessary to levy another; and an income tax could be collected by the same means. It seems to me that both these forms of tax should be adopted. To lay a sufficient tax upon property alone would require too large an increase in the rate of last year. Such an increase would operate with peculiar hardship upon property producing no income. On the other hand, a tax upon income is so easily evaded, that of itself it would furnish an insecure resource. It is proper, however, that

incomes should be taxed; otherwise the whole profits of speculation and trade together, with those resulting from skill and labor would escape contribution. I propose, therefore, that a tax be imposed upon property, and upon the gross amount of incomes of every kind, excepting those below some minimum to be adjusted by Congress.

The next enquiry is as to the rates of these taxes, to adjust which, it must first be ascertained what amount it is necessary to raise. It has already been shown that up to the first July next, the treasury notes in circulation will exceed $500,000,000 00
Deduct the circulation proposed to be left, say 150,000,000 00

Remaining funded, $350,000,000 00

The annual interest on this sum at 8 per cent. is $28,000,000 00
To this must be added the interest upon about 120 millions of 7.30 notes, 8,760,000 00
And upon 60 millions of 6 per cent. certificates, 3,600,000 00
Also the interest upon 8 per cent. bonds and stock, say about 100 millions, 8,000,000 00

$48,360,000 00

This amount shows the lowest figures which should be raised by the tax. The soundest considerations of policy would add as largely to this sum as the people of our country can bear. If the tax be made payable in all kinds of treasury notes, it would absorb so much of the first issues, and by reducing the amount to be funded, would abate the force of the objections to the scheme. If sixty millions of notes could be thus called in, the benefits resulting would fully counterbalance every possible hardship. The currency would promptly recover its value, the bonds would become an object of investment instead of being thrown on the market, and a sure and steady system of finance would be established.

A tax of one per cent. on property if it could be made as productive as last year's, would raise twice the amount of the last war tax, say forty millions. But inasmuch as portions of the States are in the hands of the enemy, it would be proper to make a deduction of probably one-tenth, which would leave the amount at only thirty-six millions.

This sum would be subject to still further abatement, so long as the decision of the Confederate Court of South Carolina as to the power of Congress to tax State bonds remains unreversed. The very large amount of money invested in this form was included in the war tax act of the last year, and the tax thereon was paid everywhere, except by those who raised the question in South Carolina. For the ensuing year the case would be different. If the same tax were laid by Congress, it is probable that the holders of State bonds would claim exemption under this decision, and Congress itself might be unwilling to re-enact in the same form, a law which had been declared unconstitutional by the co-ordinate branch of the Government, until that

decision is reversed. The question is of such magnitude and involves such great interests that an appeal was taken. But this appeal cannot be decided until a Supreme Court shall be organized. It may be worthy, therefore, of the consideration of Congress, whether the question should not be raised in another form, by taxing the income of the bonds in the hands of the citizens. The taxing power over income in the hands of the citizen for consumption may be distinguished from that over State bonds, specifically as property. In my view, both are constitutional, and the public interests demand that every proper effort should be made to ensure consideration of the question in all its aspects. In either case, however, the tax would probably prove unproductive, until the question shall be finally decided. It is necessary, therefore, to estimate for an abatement on the tax of last year. Assuming one hundred millions as the probable amount invested in State securities, a tax of one per cent. would amount to one million of dollars, and so much must, therefore, be abated from the estimate.

In estimating the rate of a tax on incomes, the only basis to which I can refer, is the value of the entire property in the eleven Confederate States. It may be assumed that the nett income of this property is measured by the average rate of legal interest of the money which represents its value. If the tax were laid upon nett income, and that income were faithfully returned, it could, in this way, be estimated with some degree of accuracy. But the devices are so many by which a return of nett income can be evaded as to make such returns unreliable. A resort to gross income is therefore more expedient. The difference between the two must be at least 25 per cent., but, under existing circumstances, and for the purpose of an estimate it would be prudent to disregard the difference and assume that the returns of gross income will be about equal to the average rate of legal interest. It is believed that even the proceeds of skill, speculation and labor which may be returned where no capital is involved will not materially vary the result.

The estimate formerly made to Congress of the value of all the property in the eleven Confederate States, in which taxes have been collected, was 4,632 millions. If we leave out the odd numbers in these figures, on account of such property as is now beyond the reach of taxation, and for other contingencies, we have in round numbers, 4,000 millions. The average of interest in the Confederate States may be set down at 7 per cent., which would make the total income equal, to say 280 millions. A tax of 10 per cent. on this sum would produce, in the gross, about 28 millions. And this added to the property tax of 35 millions, would raise a sum total of 63 millions of dollars, or in round numbers, sixty millions after deducting expenses and contingencies.

It will probably be insisted that there is no occasion for the imposition of so heavy a tax; and many will contend that it is sufficient that the Government pay the interest alone of the public debt. I ask leave most earnestly, to dissent from this doctrine, and to urge upon Congress a continuance of the policy already adopted by this Government

of making portions of the public debt payable every six months after the probable termination of the war. The sinking funds devised by Mr. Pitt, and the great statesmen of his times, have proved deficient, not in principle, but in administration. The principle upon which they rest is the annual raising of an amount beyond the interest for the purpose of eventually discharging the principal. The punctual investment of these surplus sums at compound interest by the mere operation of numbers, would be certain to discharge the debt in a given time. The failure of this plan, in its effects upon the public debt of England, arose from defects in its administration. As the invested fund increased in amount, it offered constant temptation to the Government to make use of it, and the party in power often preferred inventing pretexts to seize upon it, or to court public favor by calling off unpopular taxes required for its increase rather than continue or augment those taxes. Besides, the neglect to make punctual investments as the interest accrued had a constant tendency to reduce compound interest to simple; and thus it was found impossible, in a long course of years, to preserve the fund inviolate, or to maintain the constant supply from taxes, which the plan demanded.

These defects are believed to be remedied by the plan upon which the one hundred million loan of this Government has been issued. It resembles the sinking fund plan in requiring an annual surplus of taxes beyond the amount of interest on the public debt. But it differs from it, in applying this surplus to the immediate reduction of principal. The machinery of a fund is dispensed with, together with all its attendant officials. The best practical investment is made by paying off so much of the public debt: and the temptations and waste incident to a fund, are avoided. The full benefit of a sinking fund is thus secured without its disadvantages. All that is required is the original adjustment of the payments of principal through an entire series of years, and the steady determination of Congress to raise annually a fixed sum sufficient to make these payments in addition to the yearly interest. The number of years in which the debt will be paid, will depend upon the amount of this fixed sum. In proportion to its excess over the annual interest, will be the shortness of the period. The first payments of principal will be comparatively small. But each will diminish the interest of the succeeding year, and will thereby set free a larger sum annually to be applied to pay the remaining principal, until the debt be finally discharged.

The act of Congress of 12th April, 1862, departed from this plan, and made the next issue of bonds payable in 30 years subject to redemption at any time after the expiration of ten years. The whole subject unnecessarily comes up for consideration in adjusting the tax now to be laid by Congress.

The 15 million loan carries an interest of 8 per cent; it is payable in ten years, but may be redeemed at any time after the 1st September, 1866. The one hundred million loan is also an 8 per cent. loan, and is made payable in instalments which fall due every six months for 18 years, from 1st January, 1864. The first instalment of principal of $1,288,700 is payable 1st January, 1864; the second of

$1,340,200 is payable 1st July, 1864. The third loan is under the act of April, 1862; it is also an 8 per cent., payable as above stated, at the pleasure of the Government at from 10 to 30 years.

If Congress should approve the application of the plan of the one hundred million loan to the whole debt of the Government, then a change should be made in the loan of April, 1862. No bonds have yet been issued under that act, and the matter is yet within the control of Congress. A modification of the law must be made at any rate to meet the reduction of interest required on notes issued subsequent to 1st December. If the scheme of finance hereinafter proposed, in relation to the debt guaranteed by the States shall find favor with Congress, a further modification of the loan of 12th April, 1862, should be made by reducing the period for redemption from ten years to five. This change will enable the proceeds of the sale of the six per cent. bonds guaranteed by the States, to be applied in discharge of the 8 per cent. at the end of five years in case they cannot be purchased in the market sooner.

III. We come now to the third feature in the scheme, namely, the guaranty of the States.

The State of Virginia led the way and proposed that Congress should devise a plan for a loan to be guarantied by the States. Congress did not see fit to take any action on the subject at its last session. It was probably deemed best that the proposal should come from the States. An offer of their guaranty is certainly more beneficial to the credit of the Government than a request for aid. The delay has given the opportunity to the States to make the offer. The State of Alabama has offered a guaranty of her quota of the whole war debt upon certain conditions. The State of South Carolina has offered to guaranty a quota of two hundred millions upon certain other conditions. A copy of the action of their respective Legislatures is herewith submitted.

The varying action of these two States evinces the importance of settling a definitive plan by Congress. It is probable that every State will cordially respond to such plan and sustain the credit of this Government.

The great advantages to be derived from this guaranty have already been somewhat developed. It is only necessary now to give prominence to two of them: First, the opportunity which it affords of converting an eight per cent. into a six per cent. debt; and, secondly, the premium which can be realized on the sale of the bonds. The former will enable the Government to establish a loan on the principle already explained, and the latter will place in its hands ample means to call in the redundancy of treasury notes after the 1st July next, and to sustain the credit of its eight per cent. securities or to purchase them.

Assuming that the States may be induced to extend their guaranty to five hundred millions, I propose to adjust the debt upon the plan of the hundred million loan so as to ensure its discharge within a given period. The length of this period depends upon the sum which Congress will devote to the annual payments. The commencement of

the period or the date at which the first payment is to be made is, of course, within the control of Congress, and involves the same inquiry as to the amount now to be raised by taxes. A postponement of this first payment of principal would seem to allow a diminution of the tax. But it must be observed that some considerable time must elapse before the guaranty of the States can be had; and, further time must then be consumed in carrying the plan into execution and in procuring returns of the sales. During all this period the eight per cent. and 7.30 notes are outstanding, and will absorb nearly as much more money as will afterwards be required to meet the first annual payments on the principal. Besides this, it cannot be too strongly urged that the present is the appropriate moment at which to commence a proper system of taxes. The patriotism of the country is now fully aroused. The duty of contributing largely to the support of the Government is generally recognized. The large amount of money in circulation will make the payment easy, and the payment itself will aid the tax payer by reducing prices to their proper condition.

Before leaving this subject, I would respectfully submit that there is another plan for arranging the debt in instalments, which would produce the same results. It is by issuing all the bonds in the usual form payable at the same date, and attaching to them a condition that the Secretary of the Treasury shall annually or semi-annually, by lot, designate a certain portion to be paid off. If these annual payments were arranged on the same principle which governs the one hundred million loan, and were made equally obligatory upon the Government, the result would be the same.

A reference to a few details will conclude all I have to say on this subject:

With my last report was submitted a report from the war tax office, to which I request your attention, particularly to the observations in relation to a uniform tax on slaves. It is proper, also, to make provision for a more equal assessment of property in each State. A commission of a certain number of the tax collectors from the various portions of each State should be appointed to meet and adjust the rate at which the various kinds of property should be assessed.

It seems to me, also, that the entire machinery of assessors provided by the last act can be dispensed with by charging the duties of the assessors on the district collectors, and increasing their salaries. Exceptions may be made in case of large cities. This defect in salaries attaches to the entire arrangement of the last act. It is not a wise policy to confide large money arrangements to officers who are badly paid. The patriotism of the officers induced them, during the last year, to accept the offices with the small salaries allowed. But it would be neither wise nor just to ask a repetition of the sacrifice.

The issuing of treasury notes and the transfer of them to the various depositaries, with the arrangements at those depositories for their receipt, custody and disposal, have grown into some of the most important functions of this Department. The engraving, printing and preparing the notes involve great responsibilities and still greater expense, and I must again urge upon Congress the expediency of

creating for this branch a separate bureau. The necessities of the times compelled a transfer of the printing establishments to Columbia. It seemed a better policy to encourage private competition and enterprise, rather than undertake to carry on mechanical work by the Government. The engraving and printing, together with the manufacture of paper have all been done by contract. But the handling of the notes after they are printed, and the trimming, numbering and signing them require a large number of clerks. I have been obliged greatly to increase the number under the authority of the act of March 7, 1861, and the whole number is now two hundred and sixty-two, of whom one hundred and thirty-nine are ladies. I ventured upon the employment of the latter, under the belief that they would be found diligent and efficient, and that Congress would approve the relief which was thereby extended to a large portion of the most loyal, suffering and deserving of our countrywomen. In arranging their duties, I reduced the time and work required below the rate required of the men, and made a proportionate reduction of salary. The plan has been found to work well. When it is considered that this very large branch of the business of the Treasury is without an appropriate head, and must be superintended in all its details as matters now stand by the Secretary himself, it will, I trust, be deemed reasonable to establish a separate bureau for its administration. I am bound by a sense of public duty again to say, that it would conduce more to the public interest to dispense with most of this agency, and have the signatures to the notes engraved and printed. Experience proves that any signature is readily imitated—that the signatures of the same writers vary so much as to afford no adequate guide, and, that where so many signers are employed, it is impossible to inform the community either as to their names or signatures. The written signatures, therefore, furnish no better security than the engraved.

The issue and deposite of treasury notes, and the very large disbursements now made for the war have changed the entire character of the treasuries and depositories. Those at Richmond, Charleston, Montgomery and Jackson have become large banks, and the number of clerks, and the salaries of both officers and clerks are wholly inadequate. The Assistant Treasurer at Charleston has a salary of $2,500, and the clerks at each office are limited to $1,200. The teller in a bank receives as much for his salary as is now paid to the Assistant Treasurer at Charleston. That officer has, for some time, desired to resign, and for two months I have been seeking, without success, a proper successor. I have also been unable to procure competent clerks at the salaries prescribed, and have been obliged to add to the sum. Congress may judge of the importance of these offices when they are informed that five or six millions of dollars are frequently in their hands on deposite. These officers, moreover, are made responsible for the acts of the clerks under them, a liability which, under present circumstances, no responsible party is willing to take. Unless these difficulties are corrected, it will be difficult to re-

tain the present incumbents, and almost impossible to procure proper successors.

The collection of the produce loan together with the purchase of produce under the act of April 21, 1862, has been prosecuted with vigor. The total amount of subscriptions to the loan valued in money is about twenty-five millions of dollars; of which $7,631,041, have been collected at an expense of one-third of one per cent. The purchases of cotton, thus far reported by the agents, amount to 69,507 bales, costing $4,474,400. These purchases, at the present moment, have probably reached 250,000 bales, including those of which reports are on the way. In order to dispose of the cotton, two forms of certificate have been devised. By one, the specific parcel of cotton is identified and disposed of. By the other, the Government obligates itself to deliver certain quantities at certain points, at a fixed price. By the advice of our Ministers abroad, some of the latter certificates, covering about 30,000 bales of cotton, have been placed as an experiment in the foreign market; but sufficient time has not elapsed to hear from them. The details of this branch of the Department, are set forth in the report of the clerk in charge, to which your attention is invited. The important and responsible duties entrusted to this clerk, render it proper that his office should be placed on a level with other branches in the Department. I would, therefore, respectfully recommend that the office be raised to the grade of a chief clerkship.

The collated returns of the war tax have not been completely made in all the States. The report of the chief clerk in charge of this Bureau, is so full and distinct upon the several points to which attention is due, that I cannot do better than refer you to a copy thereof, which is herewith presented. The question that has arisen between the Governor of Tennessee and the Department, is a mere question of estimate, but as it involves a large sum, the secretary would respectfully ask the direction of Congress as to some proper mode of adjusting the difference. The liberal manner in which the State has acted under the circumstances, may induce Congress to adopt an estimate which the Secretary would not feel himself empowered to accept.

The suspension of the collection in several parts of other States is also submitted specifically to the attention of Congress, in order that further instructions may be given. In relation to the State of South Carolina, it should be remarked that the Governor has directed the tax to be collected by the State tax collectors, wherever practicable, and the amount to be paid over to the Confederate Government.

The legislation which will be required to carry into effect the several matters recommended in this report, is the following:

1. An act limiting the period for funding the treasury notes, bearing date prior to 1st December, 1862.

2. Authority to issue a sufficient amount of treasury notes, to pay the appropriations required for the support of the Government to 1st July next.

3. Authority to issue bonds and stock sufficient to fund the notes already issued, entitled to be funded at eight per cent.; and those hereafter to be funded at seven per cent.

4. A call upon the States to guaranty the war debt, upon a plan to issue six per cent bonds, payable in instalments, in 25 years, upon the plan of the one hundred million loan.

5. A modification of the loan act of April 1862, by reducing the time to five years, within which the Government may redeem the bonds.

6. A war tax upon property and income.

7. The appropriation act.

8. The organization of a Bureau in charge of the issue of treasury notes.

9. Increase of the salaries of the assistant Treasurers and Depositaries and their clerks.

All of which is respectfully submitted.

C. G. MEMMINGER,
Secretary of the Treasury.

ESTIMATES OF APPROPRIATIONS required for the support of the Government, for the period from February 1st, to June 30, 1863, inclusive, and to supply deficiencies arising prior thereto.

LEGISLATIVE.

For compensation and mileage of members and delegates of the House of Representatives,	$174,200 00
For compensation of officers, clerks &c., of the House of Representatives,	5,500 00
For contingent expenses of the House of Representatives,	10,000 00
For compensation and mileage of members of the Senate,	29,900 00
For compensation of officers, clerks &c., of the Senate,	6,000 00
For contingent expenses of the Senate,	6,000 00

EXECUTIVE.

For compensation of the President of the Confederate States,	6,250 00
For compensation of the Vice President of the Confederate States,	1,500 00
For compensation of the Private Secretary and Messenger of the President,	1,007 13
For compensation of the Private Secretary of the Vice President,	714 40
For contingent and telegraphic expenses of the executive office,	4,000 00

TREASURY DEPARTMENT.

For compensation of the Secretary of the Treasury, assistant Secretary, Comptroller, Auditors, Treasurer, and Register, and Clerks and Messengers in said Department,	357,897 10
For incidental and contingent expenses of the Treasury Department,	21,800 00
For interest on the public debt,	20,000,000 00
For engraving and printing treasury notes, bonds and certificates of stock, and for paper for the same,	350,000 00
For the transfer of funds to foreign parts,	5,000,000 00
For the purchase of coin,	4,000,000 00
For the transmission of Confederte States funds,	200,000 00
Amount carried forward,	$30,174,768 63

Amount brought forward,	$30,174,768 63
WAR DEPARTMENT.	
For compensation of the Secretary of War, assistant Secretary, Chief of Bureau, Clerks, Messengers &c., &c., in said Department,	118,638 23
For incidental and contingent expenses of War Department,	54,000 00
QUARTERMASTERS DEPARTMENT.	
For the pay of the army.	119,270,771 00
For the transportation of troops and their baggage, of quartermaster's stores, subsistence, ordnance and ordnance stores, from place of purchase to troops in the field, purchase of horses, mules, wagons and harness, purchase of lumber, nails, iron and steel for erecting store houses, quarters for troops, and other repairs, hire of teamsters, laborers &c.,	47,708,308 00
For pay for horses of non-commissioned officers and privates killed in battle, under act No. 48, section 7, and for which provision is to be made.	125,000 00
For pay for property pressed into the service of the Confederate States, under appraisement, said property having been either lost or applied to the public service,	187,500 00
For the sustenance of prisoners of war, under act No. 181, section 1, and the hire of the necessary prisons, guard houses, &c., for the safe keeping of the same, or so much thereof as may be necessary,	1,000,000 00
For the bounty of $50 to each non-commissioned officer, musician and private now in the service for three years or for the war, to be paid at the expiration of the first year's service, on the basis that sixty thousand men will have to be paid,	3,000,000, 00
For pay of the officers on duty in the offices of Adjutant and Inspector General's Department, the Quartermaster General's Department, medical, engineer, ordinance and subsistence Departments,	323,350 00
For pay of the provost marshals and their assistants, and other employees,	93,000 00
COMMISSARY DEPARTMENT.	
For the purchase of subsistence stores and commissary property,	48,656,500 00
Amount carried forward,	$250,711,835 86

Amount brought forward,	$250,711,835 86
ORDNANCE DEPARTMENT.	
For the ordnance service in all its branches,	12,500,000 00
For the purchase of pig and rolled iron,	3,000,000 00
For the purchase and manufacture of nitre,	400,000 00
ENGINEER DEPARTMENT.	
For the engineer service,	3,000,000 00
MEDICAL DEPARTMENT.	
For pay of private physicians employed by contract,	150,000 00
For pay of nurses and cooks, not enlisted or volunteers,	240,000 00
For pay of hospital stewards,	60,000 00
For pay of matrons, assistant matrons, and ward matrons,	240,000 00
For pay of ward masters,	150,000 00
For pay of hospital laundresses,	50,000 00
For medical and hospital supplies,	2,500,000 00
For the establishment and support of military hospitals,	150,000 00
NAVY DEPARTMENT.	
For compensation of the Secretary of the Navy, Clerks and Messenger,	16,522 50
For incidental and contingent expenses of the Navy Department,	10,000 00
For pay of the navy,	1,399,571 25
For provisions and contingencies in the Paymaster's Department,	1,321,650 00
For iron-clads and other war steamers, steam engines, and other supplies contracted for abroad,	8,000,000 00
For construction of iron-clad and other vessels in the Confederate States,	3,000,000 00
For ordnance and ordnance stores,	1,817,500 00
For purchase of nautical instruments, books and charts,	15,000 00
For equipment and repair of vessels,	250,000 00
For construction of a rope-walk and purchase of necessary machinery,	200,000 00
For fuel for steamers, navy yards and stations,	300,000 00
For contingent enumerated,	250,000 00
For surgeons' necessaries,	100,000 00
For support of the marine corps,	268,627 00
Amount carried forward,	$290,100,706 41

Amount brought forward,	$290,100,706 41

STATE DEPARTMENT.

For compensation of Secretary of State, Clerks, Messenger and Laborer,	5,353 00
For the purchase of diplomatic books,	1,500 00
For salaries of ministers, commissioners and secretaries.	23,400 00
For salaries of consuls and commercial agents,	10,000 00
For incidental and contingent expenses of foreign intercourse,	10,000 00
For necessities and exigencies under laws already passed, or which may be passed, or from causes which now exist or may hereafter arise, and unforeseen emergencies, subject to the requisition, and under the control of the President of the Confederate States,	100,000 00

DEPARTMENT OF JUSTICE.

For compensation of the Attorney General, Assistant Attorney General, Clerks and Messenger, including pay of Messenger prior to March 9th, 1861,	6,006 85
For incidental and contingent expenses of the Department of Justice,	1,250 00
For the purchase of a law library, for the use of the Department of Justice,	3,000 00
For the salaries of Superintendent of Public Printing, Clerk and Messenger,	2,062 50
For compensation of governor and commissioner of Indian affairs, secretary, judges, attorney and marshal of Arizona territory,	4,510 00
For incidental and contingent expenses of Arizona territory to be expended by the Governor,	478 50
For printing, binding and ruling for the several Executive Departments,	75,000 00
For printing and binding for both Houses of Congress, including the printing of the laws and journals in book form,	25,000 00
For purchase of paper for the Executive Departments and Congress,	25,000 00
For salaries of judges, attorneys and marshals, and incidental and contingent expenses of courts,	25,000 00
For compensation of three commissioners, appointed under the sequestration act, and for clerk hire and contingent expenses,	5,325 00
Amount carried forward,	$290,423,592 24

Amount brought forward,	$290,423,592 26
POSTOFFICE DEPARTMENT.	
For compensation of the Postmaster General, Chiefs of Bureau, Clerks, Messengers, Watchmen and Laborers,	55,123 58
For incidental and contingent expenses of the Post-office Department,	5,000 00
MISCELLANEOUS.	
For rent of Executive buildings and President's house,	10,000 00
Total,	$290,493,715 84

RECAPITULATION.

Legislative,	$231,600 00
Executive, (salary of President, &c.,)	13,471 53
Treasury Department,	29,929,697 10
War "	242,979,067 23
Navy "	16,948,870 55
State "	150,253 00
Department of Justice,	172,632 85
*Postoffice Department,	60,123 58
Miscellaneous,	10,000 00
Total,	$290,493,715 84

Included in the foregoing estimates are the following, for deficiencies arising prior to February 1, 1863, *to wit:*

To meet the increase allowed to the employees of the Navy Department, per act October 13, 1862.	$973 15
To same to employees in the Postoffice Department,	7,715 24
To same to employees in the War Department,	21,888 23
To pay of Messenger in the Attorney General's office, prior to March 9, 1861,	6 85
To compensation to Private Secretary to the Vice President from October 13, 1862 to January 31, 1863, per act approved October 13, 1862,	303 51
To compensation of Messenger to the President from October 13, 1862 to January 31, 1863, per act approved October 13, 1862,	75 88
	$30,962 86

ROBERT TYLER,
Register of the Treasury.

TREASURY DEPARTMENT, Register's Office, Jan. 7, 1863.

* Estimates for the postal service not yet in.

TREASURY DEPARTMENT,
War Tax Bureau, Jan. 6th, 1863.

Hon. C. G. MEMMINGER,
Secretary of the Treasury:

In obedience to your directions, I have the honor to submit the following report in reference to the operations and results of the war tax. There are thirteen Confederate States subject to the tax, but all proceedings in relation to its collection in the States of Kentucky and Missouri, for obvious reasons, were suspended by you, and the suspension was afterwards confirmed by act of Congress, approved April 19, 1862, and consequently, no collections have been made in either of those States. Out of the eleven remaining States, the Legislatures of all except Mississippi and Texas, have assumed the tax.

Owing to circumstances growing out of a state of war, and the invasion and occupancy of various portions of the Confederate States by the public enemy, the operations under the act of 19th August, 1861, have been very much retarded, and in some particular sections it has been entirely impracticable to effect the necessary organization of officers to assess property. For these reasons, it is impossible to make a full and satisfactory report of the true results of the present system, or to exhibit the aggregate amount and value of property in the eleven Confederate States and the tax derivable therefrom, I propose, however, to give as accurate a report of the operations under the law in each State, as the materials at hand will admit, to which will be appended various tables showing the aggregate amount of each species of property taxed in each of the States, the value of that property and the amount of taxes assessed thereon. Also the amounts paid by or collected in each State, with a column showing the balance due or amount overpaid. The States will be noticed in alphabetical order, and as they appear in the annexed table "A."

1. *Alabama.*—For this State a chief collector was duly appointed and commissioned, but before he had completed the organization of sub-officers, and had made the necessary distribution of forms and instructions, Huntsville the place of his residence, was captured by the enemy, and the chief collector, as he represents, very narrowly escaped himself, leaving his family and all his papers and official documents within the lines and power of the enemy. And being thus expelled from his home, and cut off from all communication with his family, or access to his office and papers, and being harrassed in body and mind, he did very little or nothing toward the further prosecution of his duties, and consequently, several officers who had been appointed, resigned or refused to qualify, others failed to act for want of forms and instructions, and the whole business fell into confusion. It was supposed that the work was regularly progressing, at the time this state of facts was brought to the knowledge of the Department, when measures were immediately adopted to effect a re-organization and set the machinery again in motion. With this view I was sent to Mont-

gomery about the last of June, and after conference with the Governor of Alabama, Mr. Bradley the chief collector, was induced to resign, and Judge Martin was appointed his successor. The State Legislature had some time before that, assumed the tax and advanced as a payment $2,000,000. Many of the collector's offices had become vacant, and some had never been filled at all. There was then no provision for the compensation of collectors where the tax had been assumed by the State, and the chief collector found great difficulty in procuring the services of competent collectors, and the result was tardiness and delays which have prevented him from furnishing as yet a collated list of all the assessments in the State, whereby the true amount of tax might be ascertained. An estimate has, however, been made, liberal to the State, in deference to the opinion of Governor Shorter, by which the tax is set down at $2,000,000. Deducting ten per cent. from this amount, the nett tax will be, according to this estimate, $1,800,000. This is, however, all guess work, and I am inclined to the opinion that if the property of the State is faithfully assessed, the sum paid will not much exceed, if anything, the nett amount due. At any rate there seems to be no necessity for legislation until the full returns are received.

2. *Arkansas.*—This State was sub-divided into fifty-five collection districts, and of that number actual returns have been received and reported by the chief collector from forty districts, leaving fifteen not yet reported. The chief collector thinks returns will be received from a number of these, but others being occupied by the enemy, or disturbed by the operations of war, will not be reported at all. From the returns actually received, and an approximate estimate for the remaining districts, the whole tax of the State will be $725,000, and after the deducting ten per cent., the quota of the State will be $652,500. Of this amount $400,000 has been paid, leaving a balance of $252,500. The invasion of the State and interference by military operations, have prevented the chief collector from completing his collated list. I do not know that the Legislature has assumed the tax, having no official notice to that effect; but it has been virtually assumed by the Executive in the payment of the above mentioned sum. It may be proper to state that this sum was paid to General Hindman's Quartermaster. The payment was irregular, but the error has been corrected, by a requisition at your request, from the Secretary of War for the amount, upon which a draft is to be issued in favor of said quartermaster, and when endorsed by him, will be placed on the Treasurer's books to the credit of the State as a payment on the war tax. The arrangement has not been completed, and for this reason the credit does not appear on the Treasurer's books.

3. *Florida.*—In this State the operations of assessment were interrupted and in some sections, entirely thwarted by the enemy, yet the property of the State has been regularly assessed and returned, except that of the fourteenth district, composed of the counties of Duval and Clay, and of the fifteenth, embracing the county of St. John's. Owing to the continued occupation of these counties by the enemy, no returns from them are anticipated, so the full amount of the States quota, as

taken from the chief collector's final report, is $251 233 19, and after deducting the ten per cent. the nett amount of tax is $226,109 88, of which has been paid into the treasury $225,374 11, leaving a balance of $735 77.

4. *Georgia.*—All the districts of this State were assessed in due time, and the chief collector's collated list has long since been received. In this list, the chief collector has not shown the number of acres of land, the number of slaves, etc., but merely shows the aggregate values of the different species of property in each district, hence I have not been able to ascertain the average values, as in other States.

The whole amount of tax assessed is $2,771,236 01. The nett tax, after deducting ten per cent. is $2,494,112 41, of which has been paid into the treasury $2,477,218 18 leaving a balance still due of $16,894 23.

5. *Louisiana.*—In this State the organization was pretty well completed, and assessments were progressing satisfactorily, when the fall of New Orleans threw matters into confusion, and rendered it necessary for the chief collector, who resided there, to remove with his records and papers to a safer locality, which occasioned considerable delay in the progress of the work. Nevertheless, with great energy and perseverance, Mr. Lusher, the chief collector, prosecuted his labors and finally succeeded in having all the districts assessed, but the interruptions and delays to which he has been subjected, have prevented him from forwarding a complete collated list. During the recent session of Congress, however, he presented a statement of actual returns from nearly all the districts, and for the few remaining an approximate estimate, based upon State documents, by which it was shown that the liberal advance made by Governor Moore, of $2,500,000, would probably over-pay the States quota, by $74,000, which was refunded to the State's agent, by authority of an act of Congress. The whole matter will be subject to adjustment according to the true amount found to be due when full returns of assessment are received by the department.

6. *North Carolina.*—Notwithstanding the invasion of large portions of this State, and the consequent destruction and deportation of property by the enemy, the organization for ascertaining the amount of taxable property, was perfected with commendable dispatch, and all the counties were duly assessed and returned at an early period Before the true amount was ascertained, the State advanced $1,400 000. The whole amount of nett tax was afterwards shown to be $1,288,825 31, which was over-payed by the sum of $111,174 69, which was refunded to the State by act of Congress, as in the case of Louisiana. So this constitutes a final settlement between the State and the Confederate States.

7. *South Carolina.*—All the districts and parishes in this State were in like manner assessed, but several parishes contiguous to the sea and navigable waters near the coast, have been subjected to the invasion and depredations of the enemy. For this reason, Governor Pickens claimed exemption, by virtue of the act of 19th April, 1862, for the following parishes, to-wit:—All Saints, Saint George's Winyaw, Saint

Helena, Saint John's Colleton, Saint Andrews, Saint Luke's and Saint James' Santee, and a deduction from the ascertained quota of the State, of the full amount of taxes assessed in these parishes. After a prolonged correspondence with the Governor, in which he was urged to relinquish his demand and pay up the full quota, he declined and insisted upon the exemption, and as the tax books had been turned over to the State authorities, and the Confederate collectors had been discharged, there was no other alternative left than to acquiesce in his demand, with the understanding that all moneys collected in these parishes should be paid over to the Confederate States. The whole amount of taxes assessed in the State, after deducting ten per cent, is $1,798,076 52. There has been paid by the State $1,651,525 55, leaving a balance of $146,547 97, being a sum less than the amount of assessments in the exempted parishes, after deducting ten per cent therefrom. The sum assessed on these parishes less ten per cent, is $151,995 60, the difference against the Government being $5,447 63. It is for Congress to determine the basis of final settlement between the State and the Confederate States. As appropriate to this subject, I deem it proper to call your attention to the following views of Joseph D. Pope, Esq., chief collector for that State, as expressed in a letter to your address, dated the 1st November last. He says:—"My individual judgment is that the parishes named are not in such condition as was contemplated by the exemption act of Congress, but the terms of the act are so general and broad, that they may cover anything that the President of the Confederate States may agree to. It seems to me, if I understand the act, that unless the President *agrees* that these parishes shall be exempted, that the State must pay. Many of the people of Saint George and All Saints can pay, and that would be a question between the State and the citizens. The object of the State in assuming the tax at all, was to enable her to extend indulgence to those of her citizens who could not pay. For such she would advance the money, and rely upon future payment from them. This is as it should be. The indulgence should come from her instead of the Confederate States." In these views I fully concur, and would further add, that in assuming the tax, the State took the jurisdiction of the whole matter of taxation out of the hands of the Government, and now exercises exclusive control over it. The whole tax assessed upon the citizens was assumed, without exception or distinction, and it is competent for Congress to remove that suspension which its own exclusive action authorized for future consideration, and to require the State to pay her full quota without abatement, as the other States have done.

8. *Tennessee.*—In this State a chief collector was duly appointed as in the other States, but the appointee, from severe illness, was prevented from immediately qualifying. His recovery was patiently awaited for some time, but finally, continued indisposition rendered it necessary to make a second appointment. This all produced delay, and before the second appointee could qualify and district the State, and appoint sub-officers, the same was invaded, the capital fell into the hands of the enemy, and such a state of general confusion fol-

lowed as to render it utterly impracticable to do so, and all further efforts were abandoned. The legislature, however, passed an act authorizing the Governor to agree with the authorities of the Confederate States upon the amount to be paid by the State of Tennessee as her quota of the war tax, and another act appropriating $2,000,000 for that purpose. Every possible effort has been made through the chief collector, to obtain reliable data for estimating the amount due, and from the most reliable information as to the taxable property of the State, derived from State returns and other sources, the department estimated that the nett tax would exceed the sum appropriated, by over $200,000. The amount estimated is $2,459,000, less ten per cent. making the sum of $2,205,000 nett tax. This amount was long since proposed to the Governor. The Governor proposes a sum so much smaller than your estimate, to-wit: about $1,500,000, that it is not likely to be agreed to. It will, therefore, devolve upon Congress and the legislature of Tennessee to settle the amount to be paid, or to prescribe some mode of settlement. The Governor has paid into the treasury $1,039,069 25, and the chief collector, Dr. Ramsey, has informed you that the Governor has ordered an additional payment to be made of $100,000, making in the aggregate $1,430,069 25.

9. *Virginia.*—There are in this State one hundred and forty-nine counties and eleven cities, constituting as many collection districts. Ninety-seven counties and nine cities, have been assessed and returned, leaving fifty-two counties and two cities, (Alexandria and Wheeling,) which have not been assessed or returned. In the North Western counties, for apparent reasons, no attempt has been made to appoint officers or to procure assessments. In other counties in the Eastern part of the State, where the people are loyal and patriotic, collectors were appointed and had given their bonds, but before the assessors had entered upon their duties the invasion of the enemy arrested further progress. The aggregate amount of assessment returns as shown by the chief collector's final report is $548,164,215 91. The tax on this at 1-2 per cent is $2,740,821 07, and the nett tax after deducting ten per cent., is $2,466,738 97. The amount paid by the State as shown by the Treasurer's books, is $2,125,000, leaving a balance of $341,738 97. For the information of Congress, in view of any future legislation in reference to the war tax, I have deemed it proper to present herewith a series of tables prepared by Col. H. T. Garnett, the chief collector, as well as to give a condensed statement of his views and suggestions in reference to the mode of assessing a more uniform value of certain property, which I beg leave to commend as being wise and appropriate, and well worthy the attentive consideration of Congress. The copies of his tables hereto annexed are numbered from 1 to 4. Col. Garnett refers to former suggestions made by him in reference to the danger of rendering the *ad valorem* system of taxation, unjust, unequal and oppressive, and proceeds to remark upon the impossibility, from divers causes, of approximating a fair distribution of the burdens of taxation upon the principle of rating all property of the same class, &c., at one price or value. That climate, soil and other causes, especially affecting slave property on the borders, adja-

cent to non-slaveholding territory, all operate to depress or elevate values to such a degree that it is difficult to establish a just rule in the application of one price to all the same class. But in endeavoring to avoid this by giving discretion to a great number of assessors to fix the values of the same class of property in the same region, the result sought to be avoided will not be improved by producing inequality of tax where all the elements which determine values are exactly the same. He then illustrates, by referring to the returns of assessors in coterminous counties, where climate, soil, &c., are identical, in which a marked difference in the assessment of slaves is found to exist. For instance, the county of Dinwiddie contains only 46 more slaves than the county of Essex, but the assessment upon the slaves of Dinwiddie is $521,975 more than that of Essex. This instance he regards as perhaps more glaring than any other to be found in the returns, but believes as a general rule it will obtain throughout. The assessors having no opportunities of consultation, and comparison of views, have produced almost as many variations and inequalities in their assessments as there are districts in the State. The remedy which he suggests is that Congress, composed as it is of representatives from all sections, should take the average of assessments now to be found in the returns from all the States, and either agree upon that as a uniform price or value hereafter to control the assessors, or divide the Confederacy either by grand divisions, having reference to soil, climate and productions, and vary the rate to suit the circumstances of each, or adopt a uniform value in each state to govern the assessors in future.

10. The only remaining States to be considered are Texas and Mississippi, and as has been stated, the only States in which the war tax is being collected by Confederate officers, all the others having assumed the tax. In Mississippi all the districts in the State have been daly assessed and returned, and the amount of tax thus assessed, as shown by the chief collector's collated list, in the whole State, is $2,240,813 43, and of this amount there has been collected and paid into the Treasury $2,052,304 96.

Suspension of collections has only been asked by the chief collector in one instance, that of the county of Tishomingo which has long been in the possession of the enemy. Nevertheless, since asking this suspension the collector of that county has deposited with the chief collector about $18,000.

11. *Texas.*—Collated lists of property rendered for assessment of non-rendered property, and property of alien enemies returned by receivers under the sequestration laws, have been received from the chief collector, which show an aggregate valuation of $318,214,621, the tax upon which is $1,653,917 80, the tax upon unrendered property being rated at one per cent. There has been collected and paid into the Treasury $1,211,918 21, leaving a balance of $441,999 59.

Some months ago it will be recollected that large amounts of spurious Treasury notes were put into circulation, and in the State of Texas, it is reported that large sums were paid out for beef-cattle, the consequence of which, in part, has been that several district collectors of the war tax have come into possession of these notes in the prose-

cution of their collections, and not knowing from whom the notes were received, they have applied through the chief collector to the Department for relief. The chief collector has been informed by the Hon. Secretary, that he possessed no authority to allow the collectors credit for these notes in the settlement of their indebtedness to the Government. The result will be that they will be required to make all such sums good, unless Congress should grant them relief.

It is well known that the larger denominations of these spurious notes were so skilfully executed that ordinary vigilance could not detect them, and as the loss thus falling upon unsuspecting collectors, would in some cases not only deprive them of their salaries, but subject them to serious loss besides, I have thought proper to advert to the subject as one which appeals to the justice and liberality of Congress. If an act for their relief should be passed, I would suggest the propriety of requiring from each collector claiming its benefit, a statement under oath as to the manner in which he obtained possession of such notes, and that he was ignorant that the same were not genuine.

Before closing this report I beg leave through the Hon. Secretary, to call the attention of Congress to the following suggestions. And first, as to the necessity of additional legislation in reference to the redemption of real property sold for taxes under sec. 12, act 19th August 1861, and as to the mode and manner of refunding purchase money after the lands have been redeemed. Under the section named the owners, their heirs, &c., shall have liberty to redeem any lands and other real property sold for taxes within *two years* from the time of sale, upon payment to the collector, for the use of the purchaser, his heirs, &c., of the amount paid by such purchaser, with interest for the same, at the rate of twenty per centum per annum. The 3d proviso of same section, provides that when the owner shall be in the military service he shall have the same privilege within *two years* after the close of his term of service. The collector of the district in which the property is sold, is the officer intrusted with the execution of these provisions, and under the act becomes the trustee of the purchaser to the amount of purchase money received, but the act is silent as to what disposition he shall make of it, whether he shall pay it over to the purchaser himself, or to the chief collector. But the office of chief collector must expire and become vacated long before the time of redemption will expire. When the chief collector's office is vacant there is no one designated to receive money from the collector, for all his transactions must be through the chief collector. Under the act all the official dealings of the department are confined to the chief collector. The collectors functions will also expire before the time of redemption, and in that event there will be no officer at all to receive redemption money.

It is, therefore, obvious that Congress should make provision for these emergencies, and designate some officer to whom owners may apply for the redemption of their property, at any time within the period allowed by law, and also direct what disposition such officer shall make of such funds. If the present system of taxation be continued, then the new officers would stand in place of the old and continue

their duties. It would seem right and proper to authorize the trustee to settle with the owner near his home, without compelling him to go through all the forms and delay of drawing his money from the treasury.

Judge Handy, chief collector of Mississippi, represents that the collectors of that State have almost uniformly presented, for his approval, accounts for postage on letters and tax books sent to him, and for express charges upon assessment and receipt books; also, accounts for travelling expenses to and from his office, to make their payments as required by instructions. He properly decided that the present law did not provide for the allowance of such incidental expenses to the collectors. He further states that the expense of travel to make deposits, by those collectors living at a remote distance, has been onerous, and, if not refunded to them, will render the real compensation very unequal to that of those residing near him. It would seem to me just and proper to provide for the payment of all necessary postage and express charges for the transmission of tax and receipt books, and that those living at a distance, who have expended large sums travelling to make their deposits, should have the amount refunded to them, or each should be allowed a certain amount as mileage to defray these expenses. The same reasons will apply to Texas, but with greater force, by reason of the greater extent of her territory.

Owing to the difficulty, and sometimes impossibility of getting suitable persons to act as assessors, in certain localities, it has been necessary, in a few instances, to entrust the duties of assessment to the collector himself; and, in such cases, as the law will allow only the compensation of one office, it seems to me that provision should be made authorizing the payment of both the compensation of collector as well as that of assessor, as he performs the duties of both.

In some districts in States that have assumed the war tax, no collector has been appointed, and in others he has died or left the office vacant by going into the military service; and in such cases, it has been found necessary to appoint what are termed supervising assessors. The authority for this is derived under section 7, of the supplemental act of 19th December, 1861. These have performed all the duties of collector, and as some doubt exists as to the authority to pay them the compensation of collector, it would be well to provide compensation for them by act of Congress.

In view of the probable legislation of Congress in reference to the war tax during the coming session, it will not be inappropriate to advert briefly to the *ten per centum* allowed by the act of 19th August, 1861, to such States as have assumed the war tax assessed upon their citizens. The presumption is at least reasonable, that this per cent. was merely intended as indemnity to cover the expense the States would necessarily incur, in collecting the tax from the people, and that no portion of it was granted as a bonus or pecuniary inducement to the States, beyond the actual expense of collection. Nor is it supposed that the object of any State, in accepting the offer, was to speculate and make money out of the Confederate States, but rather to protect her own citizens from hardship and inconvenience, by ex-

tending to them that indulgence in the payment of their taxes, where necessary, which the Confederate States could not, in the nature of things, afford to grant. The actual results, however, in the States that have not assumed the tax, and in which the same has been collected by Confederate officers, conclusively show that the per cent. allowed is far greater than was necessary to cover the expense of collection. In the State of Mississippi, for instance, where the nett tax is $2,240,813, the actual expense of collection, as shown by the aggregate sum of the salaries of the collectors is less than $10,000. The total amount assessed in the States which have assumed the tax is $17,057,192, out of which $1,705,719 is deducted as the ten per centum on that amount, to which add the compensation of the collectors in those States of $100 each, say $220,000, and we find that the average expense of collection in the States that have assumed is $213,968, whilst, in the State of Mississippi, as already mentioned, where the tax is collected by Confederate officers, the whole expense does not exceed forty thousand dollars, or less than one-fifth of that in the other States.

One of the most cherished and commendable objects of Congress in raising revenue to carry on the war, has been to absorb, as much as possible, the great redundance of circulating currency issued in consequence of the necessities of the war, but the policy of giving the States a heavy premium to assume the tax of their citizens, not only involves a positive loss to the Government of considerably over *one million* of dollars, but seems to be in direct conflict in its results, with the policy of reducing the amount of circulating currency. For in some of the States that have assumed the tax their own treasury notes have been issued equal in amount to that assumed, so that the effect is to increase rather than diminish the paper currency of the country. In my humble judgment it is the better policy, in every way, for the Government to collect its own taxes from the people, who are not only willing, but able to pay them.

I would respectfully refer to the present method of settling accounts for expenses of collecting the tax, as one involving much unnecessary delay and expense, besides preventing the possibility of keeping an accurate account of the settlement and suspensions. By the system now in use, this office is one of register only, the accounts passing for settlement through the hands of the Auditor and Comptroller, and being filed in the office of the Register, without any information of the settlement being conveyed to this office, so that we are absolutely ignorant of the disposition made, or to be made, of the accounts as they pass from our hands, and unable to supply the information which is daily demanded of us, without oscillating perpetually in the other offices. In addition to this a large amount of correspondence is required by this digressive system, and much superfluous labor expended upon its prosecution which might otherwise be avoided. I would, therefore, earnestly urge upon the Secretary, the importance of having a disbursing clerk appointed, who shall be bonded for the faithful performance of his duties, and shall be finally accountable to the Auditor for all settlements. This would ensure immediate action

upon all accounts, and, by devoting all correspondence with regard to the expenditures to his care, would enable him, comprehensively and intelligently, to render to the Department a clear and faithful exhibit of the expenses of collection, at the same time that he is doing justice to the respective claimants by speedy action upon their accounts.

In conclusion, I beg leave to recommend the suggestions contained in my report to the Secretary dated 1st August, 1862, and especially those in reference to the compensation of collectors in any future act that may be passed: that is, to allow them a given per cent. on such an amount collected, and a diminished per cent. on all sums beyond such amount, thereby offering a personal inducement for a close and rigid collection of all the taxes assessed.

Respectfully submitted.

T. ALLAN,
Chief Clerk of War Tax.

COL. GARNETT'S TABLES IN REFERENCE TO VIRGINIA.

(Table No. 1.)

Exhibiting total value of real estate and personal property in the State of Virginia, in the year 1860. The total value in the districts now assessed in the same year, and the total amount actually assessed by war tax assessors in 1861. Also, the amount remaining unassessed, supposed to be caused by the exceptions of the war tax act, such as Confederate Bonds and estates of less value than $500, &c.

Total value of real and personal property in the State of Virginia, in the year 1860,		$934,261,305 00
Total value of ditto in the districts now assessed in the same year, 1860,		772,121,746 00
Total value of ditto in the unassessed districts,		$162,139,559 00
Total value as above of assessed districts,	$772,121,746	
Total war tax assessments,	548,164,263	
Exemptions by war tax act,	$223,957,483	

(Signed,) H. T. GARNETT,
Chief Collector C. S. War Tax for Va.

(Table No. 2.)

Exhibiting the total values of real and personal property in the districts now assessed in the year 1860. The amount actually assessed by war tax assessors in 1861. Total of the tax at one-half of one per cent.

Total value of real and personal property in the assessed districts in 1860,	$772,121,746 00
Total value of ditto actually assessed by war tax assessors 1861,	548,164,263 00
Total of tax at half of one per cent.	$2,740,821 00

(Signed,) H. T. GARNETT,
Chief Collector C. S. War Tax for Va.

(Table No. 3.)

Exhibiting total value of real and personal property in the districts unassessed in the year 1860. The total estimated amount of the assessment under the war tax act had it been made, being in exact proportion in these as the actual assessment exhibits in the assessed districts. Also the tax upon this estimate at one-half of one per cent.

Total value of real and personal property in the districts unassessed in 1860,	$162,139,559 00
Total estimated value had assessment been made by war tax assessors in 1860,	115,239,743 00
Total tax upon this estimate at half of one per cent.	576,198 00

(Signed,) H. T. GARNETT,
Chief Collector C. S. War Tax for Va.

(Table No. 4)

Exhibits the total population of the State by the census of 1860, total population of the districts assessed by war tax assessors 1861, and the total population of districts not assessed.

Total population, white, free colored and slave, in State of Virginia, by census of 1860,	$1,595,814 00
Total in districts assessed for war tax 1861,	1,201,331 00
Total in districts unassessed for war tax 1861,	394,483 00

(Signed,) H. T. GARNETT,
Chief Collector C. S. War Tax for Va.

Table B.

Showing the average values of certain kinds of property as assessed and returned in the several States, under the War Tax Act, of August 19, 1861.

States.	Real Estate	Slaves.	Horses, Cattle, &c.	Gold Watches.	Pianos.	Pleasure Carriages.
Alabama						
Arkansas						
Florida	4 28	437.08	5.54	72.63	187.36	96.11
Georgia						
Louisiana						
Mississippi						
North Carolina	3.45	326 88		82.68	197.74	74.17
South Carolina	6.09	452.79	28.87	70.80	173.79	79,64
Tennessee						
Texas	2.09	516.13	10 85	76 84	217.56	128.64
Virginia	10.12	350	25 50	57.60	188.67	78.88
General Average,	$5.46 pr Acr	$416.16 pr cap	$17 69	$72.12	$182.02	$89.87

Table A.

	Real Estate.	Slaves.	Merchandize.	Bank Stock.	Railroad & other corporation stock.	Money at Interest	Cash on hand.	Horses, Cattle, &c.	Gold Watches.	Gold and Silver Plate.	Pianos.	Pleasure Carriages.	Stock not returned by corporations	Aggregate.	Tax, ½ per cent.	Nett Tax.	Am't paid in Treas'y to Dec. 1, 1862.	Balance Due.	Remarks.
Alabama*...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	400,000,000 00	2,000,000 00	1,800,000 00	2,000,000 00	a 200,000 00	a Overpaid Estimate.
Arkansas*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	145,000,000 00	725,000 00	652,500 00	400,000 00	252,500 00	.....
Florida	15,507,668 00	24,117,256 00	746,598 00	403,587 00	331,049 00	6,087,169 00	675,300 00	982,381 00	142,314 00	62,062 00	79,517 00	274,421 00	71,049 00	49,480,561 00	§251,283 19	226,109 88	225,374 11	735 77	§ Double Tax included.
Georgia	185,185,452 94	236,243,819 68	8,713,671 89	20,259,541 65	8,786,743 50	39,911,189 84	5,187,175 64	758,314 63	1,061,480 50	563,164 50	846,984 50	3,351,457 00	‡3,410,000 00	564,174,036 00	c2,771,286 01	2,494,112 41	2,477,218 18	16,894 23	‡ Default List.
Louisiana*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	589,111,240 00	2,695,556 20	2,426,000 55	2,426,000 00	55	.....
Mississippi	152,626,126 00	227,176,794 00	5,286,347 00	464,311 00	1,468,951 00	53,078,192 00	2,668,397 00	291,495 00	853,997 00	452,281 00	708,470 00	2,116,805 00	431,424 00	447,708,440 00	2,240,813 41½	2,240,673 41	2,052,304 96	188,508 45	‖ Including tax on additional uncollected return.
North Carolina	97,587,424 00	105,467,096 00	3,541,109 00	7,217,692 00	3,303,404 00	60,257,231 00	4,611,524 00	345,337 00	534,240 00	268,373 00	475,975 00	1,950,896 00	895,184 00	286,405,625 00	1,432,028 12	1,288,825 31	1,288,825 31	.....	.....
South Carolina..	111,770,984 00	184,598,640 00	5,292,594 00	13,766,032 00	10,459,289 00	64,895,125 00	3,585,471 00	717,014 00	852,278 00	946,029 00	620,635 00	1,577,849 00	1,036,318 00	399,465,798 00	1,997,329 99	¶1,798,076 52	1,651,528 55	146,547 97	¶ Double Tax included.
Tennessee*	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	490,000,000 00	2,450,000 00	2,205,000 00	1,030,069 25	1,174,930 75	.....
Texas†	124,811,376 00	97,029,814 00	6,005,561 00	.....	3,527,204 00	32,206,161 00	2,667,412 00	84,046,602 00	610,426 00	128,589 00	395,974 00	1,841,021 00	.....	303,869,310 00	1,519,346 55	1,519,346 55	1,211,918 21	307,428 34	† See remark below.
Virginia	257,758,527 50	180,428,722 84	9,883,446 59	14,176,380 00	15,396,742 68	81,776,286 68	8,182,559 06	8,508,053 63	698,979 50	748,766 43	821,425 00	2,188,884 25	2,455,661 85	548,184,215 91	2,740,821 07	2,466,738 97	2,125,000 00	341,738 97	.....

* No assessment returns having been received from these States, their aggregates are respectively based upon estimates.

c After deducting for errors, as appears by report of Chief Collector.

† The return for Texas does not include the Tax upon Sequestered, or non-rendered property, which will yield an additional estimated revenue of $134,571 25.

TREASURY DEPARTMENT,
Produce Loan Office,
January 9, 1863.

SIR:—In obedience to your order, I have the honor to make the following report of the operations of this office, during the past year.

The whole amount of subscriptions to the produce loan, taken chiefly in the year 1861, by Commissioners in the several States appointed by you, is as follows: Cotton, 431,347 bales, worth at $50 per bale, $21,567,350; cash, $608,375; miscellaneous, $895,189; giving a total of $23,070,905. To this may be added new subscriptions taken during the past year of upwards of $2,000,000, making the amount of the entire subscription a little over $25,000,000.

To collect these subscriptions a General Agent was appointed in each of the States, with authority to appoint as many sub-agents as might be necessary to enable him to perform efficiently the duty entrusted to him and at the same time afford proper facilities to the subscribers in making payments. These agents, in most cases, have rendered weekly reports of their transactions to this office, and bonds have been promptly furnished to them by the register of the Treasury for distribution to the parties concerned.

Owing to the fact, that the market for cotton has been very limited, arising from the blockade of our ports and the general condition of the country, the amount of collections has not been so large as was, at first, anticipated. The following statement embraces the results gathered from the reports, made up to the latest period, received at this office:

STATEMENT.

Amount collected in Georgia,		$1,898,950 00
" "	Alabama,	1,421,670 00
" "	South Carolina,	886,050 00
" "	Louisiana and Miss.,	259,864 00
" "	Florida,	170,650 00
" "	North Carolina,	63,200 00
" "	Texas,	58,450 00
" "	Virginia,	19,200 00
Total,		$4,778,034 00
Add to the above new subscriptions collected by produce loan agents in South Carolina,		2,854,010 00
Grand total,		$7,631,044 00

The above amount embraces only the payment of cash subscriptions and the proceeds of the sale of produce, consisting principally of cotton. In addition to this, so far as the reports already received from the agents show, about 5,000 bales, estimated to be worth

$250,000 have been purchased by the Government, for bonds, from subscribers to the loan. This, added to the grand total above, will give $7,882,044 as the entire amount realized up to this time from subscriptions to the produce loan, or nearly one-third of its whole amount.

The cost of collecting these subscriptions has been very small, amounting only to about $19,000, or less than one-third of one per cent.

The names of all the parties making the above payments have been appropriately entered in alphabetical order on the books of this office.

To carry into effect the act of April 21st, 1862, the produce loan agents and other special agents appointed for the purpose, have been required under the regulations of May 21st, 1862, issued by you, a copy of which you will find enclosed, to make purchases of cotton on plantations and in warehouses in towns and at railroad stations. This business being entirely new, some delay occurred in organizing a system of conducting it and of putting the necessary machinery into operation and of preparing the proper blanks and books for the use of the different agents, and of this office. These preliminary difficulties having been overcome, the system has gone fairly into operation, and so far, appears to work harmoniously, securing at once, responsibility to the Government and unity of action among the several agents. Monthly reports are received at this office from the general agent in each State, showing the amount of cotton purchased by him or under his direction and all the particulars of said purchases. These reports with their accompanying certificates of title, are carefully examined, corrected when necessary, digested and entered under proper headings on the books of this office, involving a large amount of tedious labor.

The following statement will show the purchases already made by the several agents, up to the date of their last reports:

STATEMENT.

Purchases in Mississippi,	38,212	bales,	costing	$1,887,159 99
" " Alabama,	21,545	"	"	1,735,058 91
" " Georgia,	6,281	"	"	499,172 88
" " South Carolina,	2,446	"	"	252,790 27
" " Arkansas,	1,023	"	"	100,218 52
Total,	69,507	bales,	costing	$4,474,400 57

Of the above amount, so far as the reports of agents show, $46,026 76 have been paid in cash, and the remainder in bonds. No reports from Louisiana, Texas and Florida have yet been received and no reports from any of the agents for the month of December have reached this office, but it is estimated from letters received that not less than 250,000 bales, including the number in the above statement have, up to this time, been already purchased for the use of the Government.

The average price paid on the purchases reported, is about 13½ cts. per pound, varying in different States, the average being lowest in

Mississippi and Arkansas. The prices to be paid hereafter will be, without doubt considerably higher.

The two following forms of cotton certificates have been issued, one, proposing to deliver the cotton to the holder at a fixed price after the declaration of peace, and the other authorizing him, at an agreed price, to export the cotton, at any time, from the Confederate States to any neutral port, on complying with the requisitions of the law. Certificates of the former class, amounting to one million five hundred thousand dollars, have already been transmitted to the depositary of the Confederate States at Liverpool.

[Certificate No. 1.]

CONFEDERATE STATES OF AMERICA.

$1,000 Bond.

Cotton Certificate. *No.*

This is to certify, that of is the proprietor of twenty bales of cotton of 10,000 lbs. weight, rating New Orleans middling at five pence sterling, which shall be delivered by the Government of the Confederate States of America to or order, at the port of Charleston or Savannah, Mobile or New Orleans, subject only to charges for compressing, putting on board ship, and existing Government dues, the latter not exceeding one-eighth of one cent per pound.

The cotton will be delivered as soon as demanded by the holder of this certificate, upon the Government receiving thirty days notice of such demand. The demand must be made within the six months after the declaration of peace between the present belligerents in America; in default of a demand within that period, this certificate may be discharged by payment of one thousand dollars, with interest at the rate of six per cent. per annum, from the date of issue indorsed hereon.

This certificate will confer no right until verified and indorsed by the Commissioner of the Confederate States in Great Britain.

In testimony whereof, the Register of the Treasury hath hereunto affixed his name and the seal of the Treasury Department, at Richmond, this first day of November, 1862.

_____ _____,

Register of Treasury.

[Certificate No. 2.]

Here enter the weight of the bales only, and their marks:

Bales: aggregate weight a $

State of County of Town, or Postoffice,

The undersigned having sold to the Confederate States of America, and received the value of same in bonds, the bales of cotton, marked, numbered and classed as in the margin, which are now deposited at hereby agrees to take due care of said cotton whilst on his plantation, and to deliver the same at his own expense, at in the State of to the order of the Secretary of the Treasury, or his agents, or their assigns.

_____ _____.

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The undersigned, as agent of the Government, certifies that the within cotton has been examined by him or by a competent judge, and that its character will rank according to the commercial scale as and also, that the weights and marks are as described—the cotton being in good merchantable order, and safely stored in a covered building.

The undersigned certifies that the price agreed upon is a fair market price at the present time.

_____ _____.

CONFEDERATE STATES OF AMERICA,

TREASURY DEPARTMENT,

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This is to certify that the within and above described cotton has been sold to and delivery is hereby ordered to be made to him, or his order, with license to export the same from the Confederate States to any neutral port, on complying with the requisitions of the law.

Given under my hand and the seal of the Treasury Department, on the year and day above mentioned.

_____ _____,

Secretary of Treasury.

No purchases of tobacco, under the act of April 21st, have been made until very recently, for the reason that a large portion of the tobacco-planting region and the principal points where it is deposited, have been either invaded or have been under constant threat of invasion by the enemy. A beginning, however, has, at length, been made, and one hundred and twenty-eight hogsheads, costing $38,970 17, have been purchased.

I am, very respectfully,

A. ROANE,

Principal Clerk in charge of Produce Loan Office.

Hon. C. G. MEMMINGER,

Secretary of the Treasury.

TREASURY DEPARTMENT,
January 7, 1863.

To the President:

SIR: I have the honor, in compliance with the act of April 9th, 1862, to submit herewith, in duplicate, the estimates of appropriations required for the support of the Government during the period from February 1st to June 30th, 1863, inclusive.

I am, respectfully,
Your obedient servant,

C. G. MEMMINGER,
Secretary of the Treasury.

CONFEDERATE STATES OF AMERICA,
EXECUTIVE DEPARTMENT,
Richmond, Va., Dec. 31, 1862.

To the Honorable Secretary of the Treasury:

SIR: I have the honor to submit the following estimate of the amount needed to meet the expenditures of the Executive office, from the 1st February to the 30th June, 1863, inclusive:

For the contingent and telegraphic expenses of the Executive office, from 1st February to 30th June, 1863, inclusive, $4,000 00.

Very respectfully,

Your obedient servant,

BURTON N. HARRISON,
Disbursing Agent.

OFFICE SECRETARY C. S. SENATE,
Richmond, Dec. 12, 1862.

Hon. C. G. MEMMINGER,
Secretary of the Treasury:

SIR: In compliance with the act of Congress "relative to the estimates of the several heads of department," I herewith transmit you an estimate of the expenses of the Senate of the Confederate States, from the first day of February to the first day of July 1863.

For pay of members of the Senate,	$29,900 00
" " " officers " " "	6,000 00
" contingent expenses,	6,000 00
	$41,900 00

I am, very respectfully, &c., &c.

(Signed,) JAMES H. NASH,
Secretary of the Senate,
per C. T. BRUEN.

ESTIMATE OF EXPENSES of the House of Representatives of the Confederate States, from February 1st to June 30th, 1863.

For pay and mileage of members and delegates,	$174,200 00
For compensation of officers of House of Representatives,	5,500 00
For incidental and contingent expenses,	10,000 00
Total,	$189,700 00

Respectfully submitted,

(Signed,) ROBERT E. DIXON,
by JAS. MCDONALD,
Assistant Clerk.

ESTIMATE OF APPROPRIATIONS required by the Department of State for the five months, ending June 30th, 1863.

For salaries of ministers, commissioners and secretaries,	$23,400 00
For salaries of consuls and commercial agents,	10,000 00
For incidental and contingent expenses of foreign intercourse,	10,000 00
For purchase of diplomatic books,	1,500 00
For salaries of Secretary of State, Assistant Secretary, Clerks, Messenger and Laborer,	5,353 00
For secret service, *i. e.*, in necessities and exigencies under laws already passed, or which may be passed, or from causes which now exist, or may hereafter arise, and unforeseen emergencies, subject to the requisition, and under the control of the President of the Confederate States,	100,000 00
	$150,253 00

(Signed,) J. P. BENJAMIN,
Secretary of State.

CONFEDERATE STATES OF AMERICA,
DEPARTMENT OF JUSTICE,
Richmond, Dec. 13, 1862.

Hon. C. G. MEMMINGER,

Secretary of the Treasury :

SIR: I have the honor to acknowledge the receipt of your letter of the 12th instant, and in compliance therewith, I submit the following estimates of expenditures for this Department up to, and including 30th June, 1863:

1. For salaries of Attorney General, Assistant Attorney General, Clerks and Messenger,	$6,000 00
2. For incidental and contingent expenses,	1,250 00
3. For salaries of Superintendent of Public Printing, Clerk and Messenger,	2,062 50
4. For printing, binding and ruling for the several Executive Departments,	75,000 00
5. For printing and binding for both Houses of Congress, including the printing of the laws and journals in book form,	25,000 00
6. For the purchase of paper for the Executive Departments and Congress,	25,000 00
7. For salaries of judges and attorneys, and incidental and contingent expenses of courts,	25,000 00
8. For salaries of governor and commissioner of Indian affairs, secretary, judges, attorney and marshal of Arizona territory,	4,510 00
9. For incidental and contingent expenses of Arizona territory, to be expended by the governor,	478 50
10. For payment of messenger, prior to 9th March, 1861,	6 85
	$164,307 85

I am, very respectfully, &c.,

(Signed,) T. H. WATTS,
Attorney General.

CONFEDERATE STATES OF AMERICA,
DEPARTMENT OF JUSTICE,
Richmond, December 20, 1862.

Hon. C. G. MEMMINGER,

Secretary of the Treasury:

SIR: In compliance with your request of the 19th inst., addressed to E. M. Garnett, clerk of the board of commissioners under the sequestration act, I submit the following estimates of expenditures for the board of commissioners up to, and including 30th June, 1863:

1. For salaries of commissioners, of their clerk, and for incidental and contingent expenses of the board, $5,325 00

I am, sir, very respectfully,

Your obedient servant,

T. H. WATTS,
Attorney General.

CONFEDERATE STATES OF AMERICA,
DEPARTMENT OF JUSTICE,
Richmond, Dec. 27, 1862.

Hon. C. G. MEMMINGER,

Secretary of the Treasury:

SIR: I beg leave to add to the estimates of expenditures for my Department, contained in my letter of 13th instant, a sum of three thousand dollars, for the purchase of a law library, for the use of the Department of Justice, $3,000 00

Your obedient servant,

T. H. WATTS,
Attorney General.

ESTIMATE OF APPROPRIATIONS, under the control of the Treasury Department, required from February 1st to June 30, 1863.

For the purchase of coin,	$4,000,000 00
For the payment of interest on the public debt,	20,000,000 00
For engraving and printing treasury notes, bonds and certificates of stock, and for paper for the same,	350,000 00
For the transmission of Confederate States funds,	200,000 00
For the transfer of funds to foreign parts,	5,000,000 00
For compensation of Secretary of Treasury, Assistant Secretary, Comptroller, Auditors, Treasurer, and Register, and Clerks, and Messengers in the treasury department,	357,897 10
For incidental and contingent expenses of the treasury department,	21,800 00
	$29,929,697 10

Twenty-nine million, nine hundred and twenty-nine thousand, six hundred and ninety-seven dollars and ten cents.

(Signed,) C. G. MEMMINGER,
Secretary of the Treasury.

ESTIMATE OF APPROPRIATION required for compensation of the Secretary of the Treasury, Assistant Secretary, Comptroller, Auditors, Treasurer and Register, and Clerks, and Messengers, in the Treasury department, for five months, ending June 30, 1863.

For compensation of Secretary of the Treasury,	$2,500 00
For Assistant Secretary of the Treasury,	1,250 00
Two clerks, at $1,750 per annum,	1,458 33
Three clerks, at $1,500 per annum,	1,875 00
Two superintendents of buildings, at $1,275, and $975 per annum,	937 50
One messenger, at $600 per annum,	250 00
One watchman, at $900 per annum,	375 00
Comptroller, at $3,000 per annum,	1,250 00
Chief clerk comptroller's office, at $1,750 per annum,	729 17
Twenty clerks, at $1,500 per annum,	12,500 00
One messenger, at $750 per annum,	312 50
First Auditor, at $3,000 per annum,	1,250 00
One chief clerk, at $1,750 per annum,	729 17
Forty-eighty clerks, at $1,500 per annum,	30,000 00
One messenger, and one assistant messenger, at $750 and $375 per annum,	468 75
Second Auditor, at $3,000 per annum,	1,250 00
One chief clerk, at $1,750 per annum,	729 17
Forty clerks, at $1,500 per annum,	25,000 00
Sixty special clerks to audit claims of deceased soldiers, at $4 per day,	30,720 00
One messenger, at $750 per annum,	312 50
Treasurer, at $3,000 per annum,	1,250 00
One chief clerk, at $1,750 per annum,	729 17
One hundred and twenty-two clerks, at $1,500 per annum,	76,250 00
Eighty-four clerks (ladies,) at $900 per annum,	31,500 00
One messenger, at $750 per annum,	312 50
One assistant messenger, at $450 per annum,	187 50
Register, at $3,000 per annum,	1,250 00
One chief clerk, at $1,750 per annum,	729 17
Forty-one clerks, at $1,500 per annum,	25,625 00
Seventy-two clerks (ladies,) at $900 per annum,	27,000 00
One messenger, at $750 per annum,	312 50
One chief clerk, war tax bureau, at $1,750 per annum,	729 17
Three clerks, at $1,500 per annum,	1,875 00
Two clerks in light-house bureau,	1,250 00
One clerk in Columbia, South Carolina, at $1,200 per annum,	500 00
Amount carried forward,	$283,397 10

Amount brought forward,	$283,397 10
Five clerks in Columbia, South Carolina, at $1,000 per annum,	2,083 33
One clerk (lady,) in Columbia, South Carolina, at $600 per annum,	250 00
Twenty clerks (ladies,) in Columbia, South Carolina, at $500 per annum,	4,166 67
Deficiency in appropriation for compensation of Secretary of Treasury, Assistant Secretary, Comptroller, Auditors, Treasurer and Register, and clerks, and messengers in the treasury department, to January 31, 1863,	68,000 00
	$357,897 10

Three hundred and fifty-seven thousand, eight hundred and ninety-seven dollars, and ten cents.

Respectfully submitted to the Secretary of the Treasury.

JOHN M. STROTHER,
Disbursing Clerk, Treasury Department.

January 3, 1863.

ESTIMATE OF APPROPRIATION required for Incidental and Contingent expenses of the Treasury Department, for five months ending June 30, 1863.

Fuel and gas, $500 per month, for February, March and April, 1863,	$1,500 00
Postage on soldier's claims and other matters,	3,000 00
Telegrams,	1,500 00
Servant hire,	1,500 00
Washing,	300 00
Stationery, including ledgers, paper, blanks, envelopes, ink, pens, &c.,	8,000 00
Alterations of buildings to adapt them to the increase of the Treasury Department,	
Coal and gas for October, November, December and January, not paid for,	2,000 00
Deficiency in appropriation for incidental and contingent expenses treasury department, up to February 1, 1863,	3,000 00
	$21,800 00

Twenty-one thousand eight hundred dollars.

Respectfully submitted to the Secretary of the Treasury.

(Signed,) JOHN M. STROTHER,
Disbursing Clerk, Treasury Department.

January 2, 1863.

ESTIMATES for the War Department from the first day of February, 1863, to the thirtieth day of June, 1863.

For pay, transportation and other allowances of the Quartermaster's Department, as per estimate of Quartermaster General, (A.)		$171,707,927 00
For Subsistence of the Army as per estimate of Commissary General (B.)		48,656,500 00
For expenses of Engineer service, as per estimate of Chief of Engineer Bureau (C.)		3,000,000 00
For Ordnance Bureau, as per estimate of Chief of Ordnance, (D.)		15,900,000 00
For Medical Department, as per estimates of Surgeon General,		
No. 16 (E.)	2,650,000 00	
No. 17 (F.)	890,000 00	3,540,000 00
For civil expenditures of the War Department, as per estimate of the Disbursing Clerk, (G.)		172,638 23
Total,		$242,977,065 23

(A.)

QUARTERMASTER GENERAL'S OFFICE,
Richmond, Dec. 13th, 1862.

SIR: I have the honor to submit herewith an estimate of the amount that will be required for the pay, transportation, and other allowances provided through this department for the army for *five* months, from the 1st of February to the 30th June, 1863, viz,

FIELD AND STAFF.

Pay for 200 Generals, 5 months,	$301,000
" " 400 Aids,	70,000
" " Forage for Generals and Aids' horses,	96,000
" " Tents for do.,	15,000
" " Wagons and harness, (2 to each,)	90,000
" " Horses and mules,	160,000
" " Hire of teamsters,	80,000
" " Fuel for Generals,	22,400
" " Forage for horses and mules,	96,000
" " Horse shoes, nails, iron, &c.,	8,000
" " Stationery,	5,000
" " 163 Brigade Quarter-Masters,	132,030
" " 100 Brigade Commissaries,	81,000
" " 500 Chaplains,	200,000
	$1,356,430

1 CORPS ARTILLERY, AS LIGHT ARTILLERY, 40 COMPANIES.

Pay for officers and men, 5 months,	360,120
" " Mechanics, laborers and teamsters,	36,600
" " Tents for officers and men,	10,336
" " Forage,	271,200
" " Fuel for officers and men,	34,184
" " Horses and mules,	406,400
" " Camp and garrison equipage,	1,600
" " Travelling forges complete,	16,000
" " Horse shoes, nails, iron, &c.,	20,000
" " Wagons and harness,	123,500
" " Leather, thread, tools, &c., for repairing,	7,500
" " Clothing for men, &c.,	248,250
" " Stationery for officers and straw for horses,	24,600
" " Horse medicines,	2,500
	$1,562,790

1 Regiment Cavalry, 5 months.

Pay for officers and men and 40 cents per horse,	109,510
" " Mechanics and laborers,	10,950
" " Tents for officers and men,	2,272
" " Camp and garrison equipage,	1,600
" " Travelling forges complete,	4,000
" " Horses, mules, wagons and harness,	23,075
" " Stationery for officers,	2,000
" " Horse shoes, nails, iron, steel, &c.,	3,500
" " Straw for bedding for men,	5,475
" " Leather, thread, &c., repairing harness,	2,500
" " Forage for public animals,	60,420
" " Fuel for officers and men,	8,000
" " Clothing for men,	45,812
" " Horse medicines,	500
	$279,614

1 Regiment of Infantry, 5 months.

Pay for officers and men,	$66,900
" " Mechanics and laborers,	11,950
" " Tents for officers and men,	2,160
" " Camp and garrison equipage,	1,600
" " Mules, wagons and harness,	23,075
" " Forage for animals,	10,740
" " Shoes for horses and mules, nails, iron, &c.,	2,500
" " Fuel for officers and men,	7,000
" " Clothing for men,	41,562
" " Stationery for officers,	2,000
" " Straw for soldiers bedding,	1,322
	$173,809

Recapitulation.

Field and staff,	1,356,430
8 corps of artillery, equal to 40 companies each,	12,502,320
78 regiments cavalry,	21,809,892
481 regiments infantry,	83,602,129
	$119,270,771
To which add: For the transportation of troops and their baggage; of Quartermasters, subsistence, ordnance and ordnance stores from the place of purchase to troops in the field; the purchase of horses, mules, wagons and harness; the purchase of lumber, nails, iron and steel, for erecting store-houses, quarters for troops and other repairs; hire of teamsters, laborers, &c., 40 per cent. on the above,	47,708,308
Amount carried forward,	$166,979,079

Amount brought forward,	$166,979,079
To pay for horses of non-commissioned officers and privates killed in battle, under act No. 48, sec. 7; and for which provision is to be made,	125,000
To pay for property pressed into the service of the Confederate States, under appraisement, and said property having been either lost or applied to the public service,	187,500
For the sustenance of prisoners of war under act No. 181, sec. 1; and the hire of the necessary prisons, guard houses, &c., for the safe keeping of the same, or so much thereof as may be necessary,	1,000,000
For the bounty of $50 to each non-commissioned officer, musician and private now in service for 3 years or for the war, to be paid at the expiration of the first years service, on the basis that 60,000 men will have to be paid,	3,000,000
For the pay of the officers on duty in the offices of the Adjutant and Inspector Generals department, the Quartermaster Generals, Medical, Engineer, Ordnance and Subsistence departments,	323,350
For the pay of the Provost-marshals and their assistants and other employees,	93,000
Total, 5 months,	$171,707,929

A. C. MYERS,
Quartermaster General.

Hon. J. A. SEDDON,
Secretary of War, Richmond, Va.

(B.)

AN ESTIMATE of funds for the subsistence of C. S. Army from 1st. January to 30th June, 1863, for 475,000 men (181 days) making 85,975,000 rations.

85,975,000 rations at 48 c. per ration,	$41,268,000 00
1,000,000 gallons molasses at 38 c.,	380,000 00
1,000,000 " whisky at $1.50,	1,500,000 00
Purchase of weights, scales and measures,	200,000 00
Provisions for quartermaster, employees and laborers under charge of Engineer and Nitre bureaux,	5,000,000 00
	48,348,000 00
Add 10 per cent. for wastage, loss, &c.,	4,834,800 00
	53,182,800 00
Deduct one-half estimate previously made for purchasing wheat,	3,412,900 00
	$49,769,900 00
Deduct amount of appropriations for purchase of sugar and molasses already made and not yet drawn upon,	1,113,400 00
Total amount required,	$48,656,500 00

Cost of Ration by Estimate Cost of 100 Rations.

RATION.	ARTICLES.	QUANTITY OR BULK.	PRICE.	AMOUNT.	REMARKS.
20	Bacon,	10 lbs.	.40	4 00	Including all salt meat
80	F. Beef,	80 "	.25	20 00	
80	Flour,	120 "	.10	12 00	
20	Meal,	30 "	.05	1 50	
10	Beans,	6 gills.	2.50 bus.	06	
90	Rice,	9 lbs.	.08	72	
100	Sugar,	12 "	.35	4 20	
100	Vinegar,	1 gal.	.60	60	
100	Candles,	1½ lbs.	.60	90	
100	Soap,	4 "	.75	3 00	
100	Salt,	3 qts.	1.00 / 15.00	73	By contract for first six mo's. / By purchase balance of time, $8 average price.
				48 71	

The contract for salt, which expires in March, is for seventy-five cents per bushel. But it is received wet and the price of good dry salt is probably about one dollar per bushel.

The price of flour in the trans-Mississippi department is nearly double what will be the cost here. By estimating flour at $20 per barrel, it is believed that a fair average will be arrived at.

At the last session $6,825,800 was appropriated for purchasing wheat to run through the whole milling season; hence, one-half of this should be deducted from this estimate for six months.

Whisky and molasses are extra issues and not included in the cost of the ration.

L. B. NORTHROP,
Commissary General.

(C.)

CONFEDERATE STATES OF AMERICA,
WAR DEPARTMENT,
ENGINEER BUREAU, RICHMOND, December 11, 1862.

Hon. JAMES A. SEDDON,
Secretary of War:

SIR: Enclosed I send you estimate of funds required by the Engineer Bureau, from 1st February, 1863, to 30th June, 1863, inclusive, amounting to $3,000,000 (three million dollars).

Very respectfully, your obedient servant,

J. F. GILMER,
Colonel and Chief of Engineer Bureau.

ESTIMATE OF FUNDS required by the Engineer Bureau from 1st February, 1863, to 30th June, 1863.

For five months expenditures for engineer service, $3,000,000

J. F. GILMER,
Colonel and Chief of Engineer Bureau.

(D.)

ESTIMATE OF FUNDS required for the Service of the Ordnance Bureau for the five months ending June 30th, 1863.

For the "Ordnance Service in all its branches," viz:

Purchase of supplies of ordnance and ordnance stores abroad,	$3,500,000 00	
Purchase and manufacture of field artillery, with carriages, harness, ammunition and equipments, complete,	1,000,000 00	
Purchase and fabrication of cannon, shot and shell,	500,000 00	
Purchase and fabrication of heavy carriages for cannon,	400,000 00	
Purchase and fabrication of cavalry equipments,	500,000 00	
Purchase and fabrication of infantry equipments,	1,000,000 00	
Service of the arsenal and depots,	2,500,000 00	
Purchase and fabrication of small arms under contract and otherwise,	600,000 00	
Debt due by Major Caleb Huse, in England,	2,000,000 00	
Purchase of lead and working lead mines,	300,000 00	
Purchase of copper and other minerals,	200,000 00	
		12,500,000 00
For the purchase of pig and rolled iron,	3,000,0000 00	
		3,000,000 00
For the purchase and manufacture of nitre,	400,000 00	
		400,000 00
Total amount required,		$15,900,000 00

J. GORGAS,
Colonel and Chief of Ordnance.

ORDNANCE OFFICE,
RICHMOND, December 11, 1862.

(E.)

CONFEDERATE STATES OF AMERICA,
SURGEON GENERAL'S OFFICE,
RICHMOND, VA., December 8, 1862.

ESTIMATE No. 16.

For medical and hospital supplies from February 1st, to June 30th, 1863,	$2,500,000 00
For the establishment and support of military hospitals from February 1st, to June 30th, 1863,	150,000 00
	$2,650,000 00

S. P. MOORE,
Surgeon General.

(F.)

SURGEON GENERAL'S OFFICE,
RICHMOND, December 8, 1862.

ESTIMATE No. 17.

For the pay of private physicians employed by contract from February 1st, to June 30th, 1863,	$150,000 00
For the pay of nurses and cooks, not enlisted or volunteers from February 1st, to June 30th, 1863,	240,000 00
For the pay of hospital stewards from February 1st, to June 30th, 1863,	60,000 00
For the pay of matrons, assistant matrons, and ward matrons from February 1st, to June 30th, 1863,	240,000 00
For the pay of ward masters from February 1st, to June 30th, 1863,	150,000 00
For the pay of hospital laundresses, from February 1st, to June 30th, 1863,	50,000 00
	$890,000 00

S. P. MOORE,
Surgeon General.

WAR DEPARTMENT,
Richmond, December 8th, 1862.

SIR:—I have the honor to submit the following estimates of the deficiency, as well as the amounts necessary to be appropriated by Congress, at its ensuing session, to meet the current civil expenditures of this department to the 30th of June, 1863, viz:

For compensation of the Secretary of War, Assistant Secretary, Chief of Bureau, Clerks, Messengers, &c., from October 13, 1862, to 31st January, 1863, (deficit,)	$21,888 23
For compensation of the Secretary of War, Assistant Secretary, Chief of Bureau, Clerks, Messengers, &c., from February 1st., 1863, to June 30th, 1863, inclusive,	96,750 00
For incidental and contingent expenses of the War Department from February 1st to June 30th, 1863,	54,000 00
Aggregate,	$172,638 23

In explanation of the first item in the foregoing estimates, I have to state, that while Congress made the ordinary appropriation for the civil expenditures of this department, to the 31st of January, 1863, they also passed an act, on the Saturday night preceding the termination of the session on the following Monday, and which was approved October 13, 1862, authorizing a stated increase on the compensations then received by the clerks and other employees engaged in the various Legislative and Executive Departments of the Government, but failed to make the necessary additional appropriation to carry out this act. It is thus that the deficit of $21,888 23 has occurred, and on account of which, I have thus far, been without the means of affording those employed in this department the practicable relief contemplated by this act. Relying, however, upon the good faith of Congress to make an early appropriation to meet this deficit, many of those employed in this department have incurred subsequent liabilities that cannot be discharged in the absence of such an appropriation, and if it meet with your concurrence, I would respectfully suggest that the early attention of Congress be called to this matter.

Referring to the sum of $96,750 00 named as the second item in the foregoing estimates, I have to state that this increased ratio of expense, as compared with my former estimates, occurs from the increased compensation authorized by Congress to be paid the clerks and other employees of this department under the provisions of the act referred to above, and from the employment, by your predecessor in office, of thirty additional clerks, since the adjournment of Congress. These additional clerks were employed under the authority of the Provisional Congress, as recited in act No. 53, approved March 7th, 1861, authorizing the Secretary of War to employ as many

additional clerks as the emergencies of his department shall, from time to time, require. They, therefore, form a part of the clerical organization of the department, and have been estimated for accordingly, in this item.

In regard to the sudden increase that presents itself in the third item of my estimates touching the incidental and contingent expenses of this department proper, I deem it pertinent to state that this increase occurs wholly from the manner in which the postage account between the department and Postoffice in Richmond is rendered. The practice has been uniform in regard to the pre-payment of all matter *mailed* at the Postoffice here, but under a recent ruling of the Postmaster, all letters or packages for this department *received*, and upon which there remains any unpaid postage, are retained in his office, uutil the amounts due are paid by this department. Under this decision, confusion and delay have sometimes occurred in the delivery of the mails by the Postoffice here to the Department. That the Postmaster here is acting under the law, I do not doubt, but that there is a violation of the postal law somewhere, is evident from this statement of its administration. Out of the hundreds, if not thousands of letters and packages daily received by this office, as well as by the various bureaux of the department, at least one-eighth of them reach the Postoffice in Richmond without having been fully prepaid at the mailing office, and before these letters or packages can be secured by this office, or any of the bureaux comprising the department, I am required to deposit these unpaid amounts in postages. The department, through me, is thus improperly constituted the disbursing agent for every officer and soldier in the army, as well as for every citizen in our country, who has any correspondence with this department or its bureaux, (whether of an official or merely personal character) upon which full pre-payment has been omitted at the mailing office. It is thus that the ordinary incidental and contingent expenses of this department proper, from being less than $80,000 per annum, has suddenly increased to an amount over $120,000 per annum.

I have thus endeavored to give you an intelligent explanation of the cause which has produced the marked increase in my present estimate for these contingencies of the department proper, with the expression of the hope that you will suggest some measure which, while not interrupting the free correspondence between the department, the army and the people, will relieve this department of the Government from a tax incurred by persons in remote sections of our country and the payment of which is regarded as a questionable diversion of the fund expressly set apart by Congress to meet the interior contingencies of the department.

I have the honor to be,
Your ob't serv't,

(Signed,) JAMES E. PEEBLES,
Disbursing Clerk War Dep't.

Hon. James A. Seddon, Secretary of War, Richmond, Va.

RECAPITULATION OF ESTIMATES OF NAVY DEPARTMENT.

(No. 1.)

Estimate of amount required for the compensation of the Secretary of the Navy, Clerks and Messenger in his office, from the 1st of February to the 30th June, 1863,	$9,122 30

(No. 2.)

Estimate of the amount required to meet the increase of pay authorized by the act of Congress, approved October 13th, 1862, for one year, ending Oct. 13th, 1862,	3,200 00

(No. 3.)

Estimate of the amount required for two additional clerks, and a draftsman in the Navy Department for one year,	4,200 00

(No. 4.)

Estimate of the amount required for the incidental and contingent expenses of the Navy Department, from 1st of February to the 30th of June, 1863, inclusive,	10,000 00

(No. 5.)

Estimate of amount required under the head of "pay of the navy," to June 30th, 1863,	1,399,571 25

(No. 6.)

Estimate of the amount required under the head of "provision and contingencies in Paymaster's Department," to June 30th, 1863,	1,321,650 00

(No. 7.)

Estimate of amount required to pay "for iron-clad and other war steamers, steam engines, and other supplies contracted for abroad,"	8,000,000 00

(No. 8.)

Estimate of amount required for the construction of iron-clad and other vessels in the Confederate States,	3,000,000 00

(No. 9.)

Estimate of amount required under the head of "ordnance and ordnance stores,"	1,817,500 00

(No. 10.)

Estimate of amount required for "purchase of nautical instruments, books and charts,"	15,000 00

(No. 11.)

Estimate of amount required under the head of "equipments and repair of vessels,"	250,000 00

(No. 12.)

Estimate of amount required for the construction of a rope-walk, &c.,	200,000 00

(No. 13.)

Estimate of amount required under the head of "fuel for steamers, navy yards and stations,"	300,000 00

(No. 14.)

Estimate of amount required under the head of "contingent enumerated,"	250,000 00

(No. 15.)

Estimate of amount required under head of "surgeon's necessaries, &c.,"	100,000 00

(No. 16.)

Estimate of amount required "for the support of the marine corps,"	268,627 00
Sixteen million nine hundred and forty-eight thousand eight hundred and seventy dollars and fifty-five cents,	$16,948,870 55

(Signed,) S. R. MALLORY,
Secretary of the Navy.

NAVY DEPARTMENT, Dec. 16, 1862.

(No. 1.)

ESTIMATE OF THE AMOUNT required for the compensation of the Secretary of the Navy, Clerks and Messenger in his office, from the 1st of February to the 30th of June, 1863, inclusive.

For salary of the Secretary of the Navy, per act Feb. 21, 1861.	$2,500 00
For salary of the Chief Clerk, also Corresponding Clerk and Disbursing Agent, per act March 8, 1861,	875 00
For salary of the four Clerks on duty at the Navy Department, attached to the offices of Orders and Detail, Ordnance and Hydrography, Provisions and Clothing, and Medicine and Surgery, per act March 16, 1861, (6th section,) at $1,500 each per annum,	2,500 00
For salary of the one Clerk at $1,500 per annum, per act January 14, 1862,	625 00
For salary of the two Clerks at $1,200 each per annum, per act March 8, 1861,	1,000 00
For salary of the one Clerk at $1,200 per annum, per act January 14, 1862,	500 00
For salary of the one Clerk at $1,000 per annum, per act March 8, 1861,	414 00
For salary of the one draftsman at $1,200 per annum, per act January 14th, 1862,	500 00
For salary of the one Messenger at $500 per annum, per act March 8, 1861,	208 30
	$9,122 30

(No. 2.)

ESTIMATE OF THE AMOUNT required to meet the increase of pay authorized by the act of Congress, entitled "An act to increase the pay of certain officers and employees in the Executive and Legislative Departments," approved October 13, 1862, for one year ending 13th of October, 1863.

Increase to five Clerks, at salaries of $1,500 each, $250 each,	$1,250 00
Increase to three Clerks and one Draftsman, at salaries of $1,200 each, $300 each,	1,200 00
Increase to one Clerk, at a salary of $1,000, $500,	500 00
Increase to Messenger, at a salary of $500, $250,	250 00
	$3,200 00

(No. 3.)

ESTIMATE OF THE AMOUNT required for two additional Clerks and a Draftsman in the Navy Department, for one year.

One Clerk, to be styled "Register," to be attached to the office of Orders and Detail,	$1,800 00
One Clerk for the office of the Secretary of the Navy,	1,200 00
One Draftsman for the office of Ordnance and Hydrography,	1,200 00
	$4,200 00

NOTE.—This amount, if authorized by law, can be embraced in the amount appropriated for "compensation of the Secretary of the Navy, Clerks and Messenger in his office."

(No. 4.)

ESTIMATE OF AMOUNT required for the incidental and contingent expenses of the Navy Department, from the 1st February to the 30th of June, 1863, inclusive.

For stationery, fuel, lights, postage, telegrams, labor, &c., $10,000 00

(No. 5.)

ESTIMATE OF AMOUNT required under head of "pay of the Navy," to June 30th, 1863.

For whom Required.	Yearly rate of Pay, (Average.)	Amount.	Aggregate.
4 Admirals,	$6,000 00	$12,000 00	
10 Captains,	4,300 00	21,500 00	
31 Commanders,	2,825 00	43,787 50	
100 First Lieutenants,	2,225 00	111,250 00	
25 Second Lieutenants,	1,200 00	15,060 00	
20 Masters, in line of promotion,	950 00	9,500 00	
12 Paymasters,	2,825 00	16,950 00	
40 Assistant Paymasters,	1,100 00	22,000 00	
22 Surgeons,	2,500 00	27,500 00	
15 Passed Assistant Surgeons,	1,500 00	11,250 00	
30 Assistant Surgeons,	1,250 00	18,750 00	
1 Engineer-in-chief,	3,000 00	1,500 00	
12 Engineers,	2,200 00	13,200 00	
Total for commissioned officers,			$321,187 50
20 Passed Midshipmen,	850 00	8,500 00	
106 Acting Midshipmen,	550 00	29,150 00	
50 First Assistant Engineers,	1,250 00	31,250 00	
150 Second Assistant Engineers,	1,000 00	75,000 00	
150 Third Assistant Engineers,	750 00	56,250 00	
10 Boatswains,	1,000 00	5,000 00	
20 Gunners,	1,000 00	10,000 00	
6 Sail-makers,	1,000 00	3,000 00	
20 Carpenters,	1,000 00	10,000 00	
Total for warrant officers,			$228,150 00
5,000 five thousand seamen, ordinary seamen, landsmen, boys, firemen and coal heavers, at $288 per annum.			720,000 00
Add for contingencies arising, and not otherwise to be estimated for, say ten per cent,			127,233 75
Total required for "pay of the navy," from January 1st to June 30th, 1863,			$1,399,571 25

JOHN deBREE,
Paymaster in charge.

Office of Provision and Clothing, December, 1862.

This estimate is based upon the number of officers authorized by act of Congress, approved April 21st, 1862, and the rate of pay established by that act and act No. 70, of Provisional Congress, approved March 16, 1861. The number of seamen, ordinary seamen, &c., authorized by different acts of Congress is five thousand.

(No. 6.)

ESTIMATE OF AMOUNT required under head of Provision and Contingencies in Paymaster's Department, for the year ending on the 30th day of June, 1863.

FOR WHAT PURPOSE APPLIED.	NO. OF RATIONS	AVERAGE COST OF RATIONS.	AMOUNT.	AGGREGATE.
For subsistence of five thousand men, for six months, at one ration per day—5000 x 181 days,	905,000	$1 30	$1,176,500	
For Contingencies in Paymaster's Department, for printing Blanks, Freight, Rent, Cooperage, Storage, Lights, &c., &c.,			25,000	
Add for Contingencies that cannot be otherwise estimated for, say ten per cent,			120,150	
Total required for provision and contingencies in Paymaster's Department,				$1,321,650 00

(Signed,) JOHN deBREE,
Paymaster in Charge.

OFFICE OF PROVISION AND CLOTHING,
December, 1862.

(No. 7.)

ESTIMATE OF THE AMOUNT required to enable the Navy Department to comply with certain Contracts for Iron-clad War Steamers, Steam Engines, and other Supplies to be procured abroad.

To pay for iron-clad and other war steamers, steam engines, and other supplies contracted for abroad, $8,000,000 00

(No. 8.)

ESTIMATE OF THE AMOUNT required for the construction of Iron-clad and other vessels in the Confederate States, to June 30, 1863.

For the construction of Iron-clad and other vessels, $3,000,000 00

(No. 9.)

ESTIMATE OF THE AMOUNT required under the head of Ordnance and Ordnance Stores, to June 30, 1863.

For cannon,	$200,000 00
For gun carriages and equipments,	200,000 00
For projectiles of all kinds,	250,000 00
For laboratory and other stores,	42,500 00
For powder tanks,	25,000 00
For small arms,	100,000 00
For cannon and musket powder,	150,000 00
For saltpetre,	75,000 00
For pay of mechanics and laborers,	175,000 00
For purchase of iron and copper,	250,000 00
For cannon foundry, rolling mills, machine shops, engines, &c.,	300,000 00
For expenses of naval powder mills at Columbia, South Carolina, improvements, repairs and expenses of naval ordnance works at Charlotte, North Carolina, Atlanta and Savannah, Georgia, Charleston, South Carolina, and Mobile, Alabama,	30,000 00
	$1,817,500 00

(Signed,) GEORGE MINOR,
Chief of Ordnance and Hydrography.

OFFICE OF ORDNANCE AND HYDROGRAPHY,
December 16, 1862.

(No. 10.)

ESTIMATE OF THE AMOUNT required for the purchase of Nautical Instruments, Books and Charts, to June 30, 1863, inclusive.

For purchase of nautical instruments of all kinds,	$10,000 00
For purchase of nautical books and charts,	5,000 00
	$15,000 00

(Signed,) GEORGE MINOR,
Chief of Ordnance and Hydrography.

OFFICE OF ORDNANCE AND HYDROGRAPHY,
December 16, 1862.

(No. 11.)

ESTIMATE OF THE AMOUNT required under the head of Equipment and repair of Vessels, including wear and tear, to June 30, 1863.

For the equipment and repair of vessels, $250,000 00

(Signed,) F. FORREST,
Chief of Bureau.

OFFICE OF ORDERS AND DETAIL,
December 16, 1862.

(No. 12.)

ESTIMATE OF AMOUNT required for the construction of a Rope Walk, and purchasing the necessary machinery.

For building rope walk, $200,000 00

(Signed,) F. FORREST,
Chief of Bureau.

OFFICE OF ORDERS AND DETAIL,
December 16, 1862.

(No. 13.)

ESTIMATE OF THE AMOUNT required under the head of Fuel for Steamers, Navy Yards and Stations, to June 30, 1863.

For fuel for steamers, Navy Yards, and Stations, $300,000 00

(Signed,) F. FORREST,
Chief of Bureau.

OFFICE OF ORDERS AND DETAIL,
December 16, 1862.

(No. 14.)

ESTIMATE OF AMOUNT required under the head of Contingent Enumerated, to June 30, 1863, for the following purposes, viz:

Freight and transportation, printing and stationery, advertising; models, drawings, repair of fire-engines and hose, and attending to steam engines in yards; purchase and maintenance of horses and oxen, and drawing teams; carts, lumber, wheels, and the purchase and repair of workmens' tools; postage on public letters; fuel, oil

and candles for navy yards and shore stations; pay of watchmen and incidental labor, not chargeable to other appropriations; wharfage, dockage and rent; travelling expenses of officers and others under orders; funeral expenses, store and office rent; commission and pay of navy agents and clerks; pay of store keepers and clerks, flags, awnings and packing-boxes; books for libraries of vessels; premiums and other expenses of recruiting; apprehending deserters; per diem pay of persons attending courts martial, courts of inquiry, and other services authorized by law; pay of judge advocate; pilotage and tonnage of vessels, and assistance to vessels in distress; and for bills of health and quarantine expenses, $250,000 00

(No. 15.)

ESTIMATE OF THE AMOUNT required for Surgeons necessaries and appliances for sick and wounded of the Navy, including Engineer and Marine Corps, to June 30, 1863, inclusive.

For medicines, surgical instruments and appliances, dispensary furniture, bedding, &c., $100,000 00

(Signed,) R. W. JEFFERS,
Surgeon temporarily in charge.

OFFICE OF MEDICINE AND SURGERY,
December 16, 1862.

(No. 16.)

ESTIMATE OF THE AMOUNT required for the support of the Marine Corps, to the 30th day of June, 1863, (*see Detailed Statement herewith.*)

For the support of the marine corps, $268,627 00

THERE WILL BE REQUIRED for the Quartermaster's Department of the Confederate States Marine Corps, for six months, commencing the 1st of January, and ending the 30th of June, 1863, the sum of $184,425.

For clothing, (see next page)	$32.217 50
For provision, " " "	118,625 00
For fuel, " " "	7,982 50
For purchase of ordnance stores, flags, drums, fifes, and repairs of arms,	5,000 00
For transportation of officers and troops, and expenses of recruiting,	12,500 00
For quartermaster's clerk,	600 00
For contingencies, compensation to members of courts martial and witnesses, rent of quarters, offices and store rooms, where there are no public buildings, printing blanks and advertising, books and stationery, postage and telegraphing, apprehension of deserters, office furniture, straw, bed-sacks, axes, spades, shovels, brooms, carpenter-tools, burial of deceased marines, office messengers, constant labor,	7,500 00
	$184,425 00

(Signed,) A. S. TAYLOR,
Major and Quartermaster, Marine Corps, Confederate States.

CLOTHING.

FOR WHOM REQUIRED.	ENLISTED MEN.	AMOUNT.
Non-commissioned officers, musicians and privates, at $108 87 to each; watch coats $20 each,	500	$32,217 50

PROVISIONS.

FOR WHOM REQUIRED.	ENLISTED MEN.	RATIONS AT $1 30 PER DAY.	AMOUNT.
Non-commissioned officers, musicians and privates,	500		$118,625 00

FUEL.

FOR WHOM REQUIRED.	NUMBER.	CORDS.	TOTAL.	AMOUNT.
Commissioned officers,	50	550		
Non-commissioned officers musicians and privates,	500	750	1,300	
				$7,982 50

Approved,

(Signed,) LLOYD J. BEALL,
Colonel Commanding Confederate States Marine Corps.

DETAILED ESTIMATE of the pay of Officers, Non-Commissioned Officers, Musicians and Privates of the Confederate States Corps of Marines, from January 1st, to June 30, 1863.

No.	For whom required.	Pay per month.	Addl. S rvice, pay at $2 per month.	Forage for horses at $8 each,	Total.	Undrawn clothing and trav. allowances to discharg'd sold'rs.	Aggregate.
1	Colonel—Commandant,	$195	$54	24	$1,638		$1,638
1	Lieutenant Colonel,	170	63	24	1,512		1,512
1	Major,	150	54	24	1,368		1,368
3	Paymaster, Adjutant and Quartermaster,	486	81	72	3,834		3,834
10	Captains,	1,300	90		8,340		8,340
10	First Lieutenants,	900			5,400		5,400
20	Second Lieutenants,	1,600			9,600		9,600
2	Sergeant Major and Quartermaster Sergeant,	50			300		300
2	Principal Musicians,	50			300		300
5	First Sergeants,	120			720		720
25	Sergeants,	525			3,150		3,150
25	Corporals,	425			2,550		2,550
10	Drummers and Fifers.	160			960		960
450	Privates,	6,750			40,500	2,500	43,000
2	Clerks to Headquarters and Paymaster,	250			1,500		1,500
567		$13,131	$342	144	$81,702	2,500	$84,202

Respectfully submitted.

(Signed,) RICHARD T. ALLISON,
Major and Paymaster, Confederate States Marine Corps.

Approved,

(Signed,) LLOYD J. BEALL,
Colonel Commanding Confederate States Marine Corps.

POST OFFICE DEPARTMENT,
Richmond, Dec. 31, 1862.

SIR: I have the honor to submit the following estimates of the receipts and expenditures of the Post Office Department, for the fiscal year ending June 30, 1863.

RECEIPTS AND EXPENDITURES.

The expenditures of the Department for the month of June, 1861, amounted to $135,927 24, as follows:

For transportation of the mails,	$82,073 64	
For compensation of postmasters,	35,047 20	
For clerks in post offices,	8,177 10	
For ship, steamboat and way letters,	116 66	
For advertising,	1,173 91	
For mail bags,	1 75	
For office furniture,		
For blanks and printing,	3,000 00	
For wrapping paper,	4,732 54	
For mail locks, keys and stamps,	73 67	
For mail depredations and special agents,	669 51	
For miscellaneous payments,	861 26	
Actual expenditures,		$135,927 24

MEANS.

The gross revenues of the month amounted to $92,384 67, as follows:

Letter postage,	$79,458 38	
Newspapers and pamphlets,	11,973 16	
Surplus emoluments from box rents,	953 13	
		92,384,67
Excess of expenditures over means for June, 1861,		43,542 57
Amount of appropriation to supply deficiency in the revenues, for the year ending 1st March, 1862, approved March, 16, 1862,		320,060 36
Excess of means		$276,517 79

The expenditures of the Department for the year which ended 30th June, 1862, amounted to $2,924,290 48, viz:

For transportation of the mails,	2,052,953 76	
For compensation of postmasters,	671,727 67	
For clerks in post offices,	98,821 29	
For ship, steamboat and way letters,	777 09	
For advertising,	6,897 03	
For mail bags,	714 77	
For office furniture,	81 81	
For blanks and printing,	26,602 68	
For wrapping paper,	4,854 91	
For mail locks, keys and stamps,	689 40	
For mail depredations and special agents,	20,206 50	
For miscellaneous payments,	17,112 07	
For postage stamps,	22,869 50	
Actual expenditures,		$2,924,290 48

MEANS.

The gross revenues for the year which ended June 30th, 1862, amounted to $1,911,189 05, as follows:

Letter postage,	$1,005,985 04	
Newspapers and pamphlets,	205,200 87	
Surplus of emoluments from box rents,	7,935 20	
Postage stamps,	692,067 94	
		$1,911,189 05
Excess of expenditures over revenues,		$1,013,101 43
Deduct excess of means from report for month of June, 1861,	276,517 79	
Appropriation to supply deficiency in the revenues of the department, approved August 29, 1861,	500,000 00	
Appropriation to supply deficiency in the revenues of the department, approved April 3, 1862,	1,451,602 31	
		2,228,120 10
Excess of means to 30th June, 1862,		$1,215,018 67

ESTIMATES of receipts and expenditures for the year ending 30th June, 1863.

EXPENDITURES.

For transportation of the mails,	2,493,389 86	
For compensation of postmasters	671,727 67	
For clerks in post offices,	98,821 29	
For ship, steamboat and way letters,	777 09	
For advertising,	6,879 03	
For mail bags,	714 77	
For office furniture,	81 81	
For blanks and printing,	30,000 00	
For wrapping paper and twine,	8,000 00	
For mail locks, keys and stamps,	689 40	
For mail depredations and special agents,	25,206 50	
For miscellaneous payments,	17,112 07	
For postage stamps,	22,869 50	
Estimated expenditures,		$3,376,268 99

MEANS.

For letter postage,	$1,005,985 04	
For newspapers and pamphlets,	205,200 87	
For surplus emoluments from box rents	7,935 20	
For postage stamps,	692,067 94	
		1,911,189 05
Estimated deficiency of revenues,		1,465,079 94
Excess of means for year ended June 30, 1862,	1,215,018 67	
Appropriation to supply deficiency for December, 1862, appropriated 9th October, 1862,	130,607 39	
Appropriation to supply deficiency for January, 1863, appropriated October 13, 1862,	130,607 39	
		1,476,233 45
Surplus,		$11,153 51

The foregoing estimates are based upon the Auditors report of the receipts and expenditures of this department, for the year ending June 30th, 1862, with the exceptions that the increased cost of printing, together with the increased cost of wrapping paper and blanks, render it necessary that the sum to be appropriated for these separate heads should be increased.

I therefore respectfully request that the sum of one million, nine hundred and eleven thousand, one hundred and eighty-nine dollars and five cents ($1,911,189 05,) be appropriated for the post office department, for the year ending June 30, 1863, out of any monies in the Treasury, arising from the revenues of the post office department, and that the further sum of two hundred and seventy-six thousand, three hundred and fifty-five dollars and twenty-three cents ($276,355 23,) be appropriated out of the current revenues of the department, for the year which ended June 30th, 1862. This latter appropriation is necessary to close the accounts of the department for that year, the Congress having failed, probably by inadvertence, to appropriate a portion of the current revenues of the department for that year, as requested in my estimates.

From this it will be seen that no further grants from the general treasury are required for the current fiscal year, ending June 30th, 1863. And it is estimated that at that date there will remain in the treasury to the credit of this department, the sum of eleven thousand, one hundred and fifty-three dollars and fifty one cents, ($11,153 51,) of the grants heretofore made from the General Treasury, in aid of the revenues of this department.

The act of the 19th of April last, establishing a universal rate of letter postage, of ten cents, from and after the first day of July last, and the act approved the twenty-first day of April last, reducing the rates of commissions to be allowed to postmasters, from and after the first day of July last, have not been in force a sufficient length of time to enable me to determine the effect they are to produce on the revenues of the department, as the accounts in the current course of business in the Auditor's office have only been settled up to the thirtieth of June last. But I have no doubt, judging from such unofficial information as I have received, that they will produce an increase of revenue, though I have no information of a character which would authorize a change of the above estimates.

The report of the First Auditor has not yet been received of the current receipts and expenditures, on account of the constructing, repairing, and operating the military telegraph lines. As soon as it is received, which will probably be in a day or two, I will send the estimates for that branch of the service.

I have the honor to be, very respectfully,

Your obedient servant,

JOHN H. REAGAN,
Postmaster General.

THE PRESIDENT.

POSTOFFICE DEPARTMENT,
January 8th, 1863.

SIR:—I have the honor herewith to submit a statement of the amount of receipts and expenditures, on account of military telegraph lines, from June 1st, 1861, to September 1st, 1862, together with an estimate of the amount required for constructing, repairing and operating military telegraph lines to June 30th, 1863.

EXPENDITURES.

Amount expended for constructing and repairing from June 1st, 1861, to September 1st, 1862,	$53,034 97
Amount paid salaries to superintendent, operators and watchmen,	11,783 34
Amount paid operators out of receipts,	1,328 25
Amount paid for incidental expenses,	275 71
Making,	$66,422 27

RECEIPTS.

By amount appropriated under act approved May 21st, 1861,	$30,000 00
By amount appropriated December 24th, 1861,	25,000 00
By amount appropriated April 3d, 1862,	30,000 00
By amount of receipts from offices to September 1st, 1862,	1,810 25
By amount of cancelled warrants,	133 72
Making,	$86,943 97
Leaving to the credit of the appropriations,	$20,521 70

I have no report of the amount of expenditures since the 1st September last, the date at which Wm. S. Morris was appointed agent and charged with the management of the telegraph lines. And I have to make a merely arbitrary estimate for the expenditures on account of telegraph lines from that date to the 30th of June next.

To cover the probable expenditures on existing lines, and for building and repairing lines, I request the appropriation of fifty thousand dollars ($50,000 00.)

This amount will not all be expended unless the exigencies of the war should require the construction and use of additional lines of telegraph.

I am, sir, with high respect,

Your ob't serv't,

JOHN H. REAGAN, *P. M. General.*

The PRESIDENT.

POST OFFICE DEPARTMENT,
Richmond, December 12, 1862.

SIR:—In compliance with an act, approved April 9, 1862, "relative to the estimates of the heads of the several departments," I have the honor to submit the following estimates of the sums required for the compensation of the Postmaster General, Chiefs of Bureaux, Clerks, Messengers and laborers, from 1st February to 30th June, 1863, inclusive.

For compensation of Postmaster General, at $6,000 per annum.	$2,500 00
For compensation of three chiefs of bureaux, at $3,000 per annum,	3,750 00
For compensation of one chief clerk, at $1,750 per annum,	729 17
For compensation of one topographer, at $1,750 per annum,	729 17
For compensation of four principal clerks, at $1,500 per annum,	2,500 00
For compensation of one disbursing clerk, at $1,500 per annum,	625 00
For compensation of fifty-five clerks, at 1,500 per annum,	34,375 00
For compensation of one watchman, at $750 per annum,	312 50
For compensation of two messengers at $750 per annum,	625 00
For compensation of one messenger, at $600 per annum,	250 00
For compensation of three laborers, at $2 25 per day,	1,012 50
	$47,408 34

Also, the further sum of $7,715 24, that being the amount of additional estimated compensation of the clerks, messengers and laborers, in this department, from October 13, 1862, to January 31, 1863, under an act approved October 13, 1862, "to increase the pay of certain officers and employees in the Executive and Legislative Departments."

And also, an appropriation of $5,000 will be required for the contingent fund of the department.

Very respectfully,

Your obedient servant,

JOHN H. REAGAN,
Postmaster General.

THE PRESIDENT.